

Daily Report

East Asia

FBIS-EAS-95-125 Thursday 29 June 1995

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Draft of Nov APEC 'Action Plan' Revealed

OW2906011395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Jun 95 Morning Edition p 7

[Summary of draft of an "action plan" to be adopted at the November Asia-Pacific Economic Cooperation (APEC) forum meeting in Osaka]

[FBIS Translated Text] General Principles

Liberalization and promotion process designed to implement the Bogor Declaration will be taken based on the following principles:

- Principles without exception action of liberalizing and smoothing trade and investment is related to any trade and investment areas of business.
- GATT agreements should be consistent with World Trade Organization (WTO) agreements.
- Principles of indiscrimination the liberalization of trade and investment in the Asia-Pacific region will be applied to help eliminate trade barriers within the APEC region but also to trade with non-APEC nations.
- An article that puts a brake on trade and investment will be included in the plan.
- 5. Flexible consensus will be reached.
- Economic and technological cooperation needed for liberalizing and smoothing trade and investment will be made.
- Comparison of liberalization measures of the member nations.
- The process of liberalizing and smoothing trade and investment will be taken simultaneously and such process will be continued.
- Consideration to diversity in stages of development of member nations and each trade and investment area — the process will be taken with progress in economic development of each APEC member nation and in each trade area in mind.

APEC Framework for Liberalizing and Smoothing Trade and Investment

- Proposing Action Plans each APEC member nation will present its own action plan covering all processes up to 2010 and 2020 at a ministerial meeting in the Philippines in 1996.
- Implementation of the action plans the action plans will start in January 1997 at the latest and be completed in 2010 and 2020.
- Consultations APEC members will hold consultations to discuss and compare action plans that will be implemented after the Philippines meeting

- and be continued to be implemented until a ministerial meeting to be held in Canada in 1997, and revisions should be made to each plan to make it more appropriate.
- 4. Review each action plan will be promoted, and revisions made to it will be checked periodically at such related meetings as a Trade and Investment Committee session. The follow-up meeting results will be reported to high-level working-level consultations and ministerial meetings.
- 5. Revisions will be made to each action plan.

Cooperative and Voluntary Action for Liberalization

- Tariffs substantial cuts and abolition of tariffs will be achieved by 2010 and 2020.
- Tariff barriers nontariff barriers, including restrictions on import and export subsidies, will be cut and abolished by 2010 and 2020.
- 3. Service.
- Investment the system of most-favored nations and equal national treatment will be established so that member nations can freely invest in the region.
- Government procurement.
- Deregulation transparency of regulations will be heightened while the abolition of unnecessary regulations is sought.

Joint Action for Smoothing Trade and Investment

- 1. Service.
- Investment.
- Standards and licensing system a plan to make standards of each member nation consistent with the international standards as well as mutual certification will be promoted while heightening their transparency.
- 4. Customs formalities.
- Intellectual property rights for the appropriate protection of copyright and patent, a special panel will be set up, and information on trademarks will be exchanged.
- Competitive policies cooperative measures will be sought to check each nation's competitive policies, promote technological cooperation, and exchange information between policy-making authorities on competitive policies.
- 7. Rules of marking country of origin.
- Antidumping and safeguards.
- Government procurement the principles of equal national treatment, indiscrimination, and opening of information will be established.

 Troubleshooting service — efforts will be made to settle trade disputes between member nations in a constructive and friendly manner, and the WTO dispute settlement procedures framework will be made more effective.

APEC Leadership in Promoting a Multilateral Approach

- Steady implementation of Uruguay Round agreements.
- Advance implementation and extended application of Uruguay Round agreements — the acceptance of the WTO agreement regarding government procurement by 2000, and the ban on subsidies for agricultural exports in trade between APEC member nations.
- The promotion of the process of liberalizing and smoothing trade and investment under a multilateral framework.
- A new round of trade talks through those efforts, we will concentrate on maintaining and promoting the liberalization trend on a global scale.

APEC Experts Agree on Food Output Cooperation OW1606134795 Tokyo KYODO in English 1311 GMT 16 Jun 95

[FBIS Transcribed Text] Tokyo, June 16 KYODO — Agricultural experts of the Asia-Pacific Economic Cooperation (APEC) forum agreed in a three-day meeting in Taipei this week on ways to promote international cooperation to increase food production, Japanese officials said in Tokyo on Friday [16 June].

The officials at the Agriculture, Forestry and Fisheries Ministry said the meeting, which ended Thursday, agreed to establish an international database on genes of plants and animals, accessible by member nations.

In addition, the experts agreed to exchange information on the processing and marketing of farm produce and to promote personnel training to facilitate transfers of agricultural technologies to nations with low farm productivity, the officials said.

APEC working-level officials will discuss further details of a plan to increase food production through interna-

tional cooperation for inclusion in an action program to be adopted at an APEC ministerial meeting in November in Osaka, the officials said.

The experts also agreed to meet annually in the coming years, the officials said.

UN Forum Meets on Peace in Northeast Asia

OW2306081195 Tokyo KYODO in English 0757 GMT 23 Jun 95

(FBIS Transcribed Text) Kanazawa, Japan, June 23 KYODO — A U.N.-sponsored symposium ended two days of discussions Priday [23 June] in Kanazawa, central Japan, on promoting peace, stability and closer relations among countries in the Asia-Pacific region after agreeing to continue such a gathering, participants said.

The symposium, sponsored by the UN Regional Center for Peace and Disarmament in Asia and the Pacific, was the first of its kind involving discussions on regional issues by nations in Northeast Asia and surrounding areas.

The participants, mostly researchers from eight countries — Australia, Canada, China, Japan, Mongolia, Russia, South Korea and the United States — said they agreed in the day's closed session to continue holding the symposium and to deepen exchanges among them.

They also agreed to keep trying to persuade North Korea to join the symposium. The isolated communist country had been set to take part in the event but canceled its participation just before the start.

A proposal to invite Taiwan to the grouping was rejected after China strongly opposed it, they said.

Ttutomu Ishiguri, head of the UN Center, told a press conference it was a significant step for countries in the area to meet for the first time to discuss disarmament and other regional issues.

If the symposium is held annually for at least three years, the participating nations might send government officials to represent them, he added.

Japan

Agreement Reached in Auto Dispute With U.S.

Joint Announcement on Accord

OW2806232195 Tokyo KYODO in English 2310 GMT 28 Jun 95

[FBIS Transcribed Text] Geneva, June 28 KYODO — The following is the text of a joint Japan-U.S. announcement on an auto and auto-parts trade agreement made by Japan's International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor here Wednesday [28 June]:

Following their meetings on June 26, 27 and 28, 1995, the minister of international trade and industry of Japan, Ryutaro Hashimoto, and the U.S. trade representative, Michael Kantor, make the following joint announcement.

The two ministers recognize the central role of the automotive sector in the economy of each country, including its direct and indirect contribution to employment, production, and national wealth in each country. The two ministers recognize the importance of expanding trade and promoting competition in this sector and growing the global economy. The two ministers further recognize that accomplishing this objective requires concerted efforts by their respective governments, as well as by the private sector in each country.

Minister Hashimoto has articulated, and Ambassador Kantor agrees with, four guiding principles for the private sector: globalization, localization, industrial cooperation and transparency.

In this regard, Minister Hashimoto and Ambassador Kantor take note of and express their appreciation for plans announced and taken by Japanese motor vehicle manufacturers in 1990, 1992, and 1994 to increase their purchases of competitive foreign parts, both in Japan and through their transplants. The two ministers welcome the increase in purchases that has occurred under these plans.

The two ministers further welcome recent additional announcements by Japanese motor vehicle manufacturers of their plans to further increase overseas production of vehicles and major components and sub-assemblies, further localize procurement of parts, and further increase purchases of competitive foreign parts for use in Japan both as original equipment as well as in the aftermarket. The companies also have announced that they will ensure the transparency of their parts purchasing, and will ensure that their procurement does not discriminate against suppliers on the basis of capital affiliation.

Minister Hashimoto and Ambassador Kantor also are pleased to note the statement by the U.S. motor vehicle manufacturers expressing their plans and intent to expand their presence in the Japanese market based on offering in Japan competitive moducts, prices, and service.

The two ministers recognize and understand that the plans newly announced by the U.S. or Japanese companies are not commitments and are not subject to the trade remedy laws of either country. Rather, they are business forecasts and intentions of the companies based on their study of market conditions and other factors. Both ministers recognize and understand that changes in market conditions may affect the fulfillment of these plans.

Finally, separate from the private sector efforts mentioned above, the two ministers are pleased to announce that the Government of the United States and the Government of Japan have successfully concluded the framework consultations on autos and auto parts to-day.

While these private sector efforts are not part of the framework, the two ministers reaffirm that the framework addresses various governmental actions called "measures" to be taken by the two governments, including deregulation of repair garages that affect the repair parts market in Japan.

The assessment of the implementation of the measures, as well as the evaluation of progress achieved, will be based on the overall consideration of qualitative and quantitative criteria. Among other things, such criteria addresses trade in motor vehicles and parts, parts procurement by Japanese vehicle manufacturers in the United States, market conditions including exchange rates, and the efforts of U.S. motor vehicle and parts manufacturers to offer competitive products under competitive terms and conditions.

Announcement on Automakers' Plans

OW2906021695 Tokyo KYODO in English 0205 GMT 29 Jun 95

[FBIS Transcribed Text] Geneva, June 28 KYODO — The following is the text of a joint Japan-U.S. announcement on Japanese auto companies plans made by Japan's International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative [USTR] Mickey Kantor in Geneva on Wednesday [28 June].

- Ambassador Kantor has estimated, on the basis of these individual company plans, the following with regard to the north American market:
- North American parts purchases will increase by \$6.75 billion value by 1998.

- (2) The companies will increase production of vehicles in North America from 2.1 million to 2.65 million by 1998.
- (3) The companies will increase exports to Japan of vehicles manufactured in North America, from million to — million (blanks as received) by 1998.

Ambassador Kantor also estimates an increase of \$6 billion value in foreign parts purchases by the companies for use in Japan by 1998.

 Minister Hashimoto said the Government of Japan has had no involvement in this calculation because it is beyond the scope and responsibility of government. He said that USTR's estimates are solely its own.

[(KYODO] note: The original announcement was issued without the figures on parts purchases, vehicle production in North America by the Japanese carmakers. They were derived from other U.S. documents.)

Announcement on Dealerships

OW2906031495 Tokyo KYODO in English 0258 GMT 29 Jun 95

[FBIS Transcribed Text] Geneva, June 28 KYODO
— The following is the text of a joint Japan-U.S.
announcement on dealerships made by Japan's International Trade Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor here on Wednesday [28 June].

 The U.S. Government expects that the combination of implementing the measures under the automotive framework and the intensified efforts of the U.S. vehicle manufacturers will lead to a significant increase in the sales opportunities for U.S. vehicle manufacturers in Japan.

Specifically, the U.S. Government envisions an increase of direct franchise agreements between U.S. vehicle manufacturers and Japanese dealers that will result in approximately 200 new sales outlets by the end of 1996 and increasing to a total of approximately 1,000 new sales outlets by the end of 2000.

 Minister Hashimoto said that the Government of Japan has had no involvement in this forecast because it is beyond the scope and responsibility of government. Minister Hashimoto said that these forecasts are solely those of the Government of the U.S.

'Highlights' of Joint Announcements

OW2906024095 Tokyo KYODO in English 0225 GMT 29 Jun 95

[FBIS Transcribed Text] Geneva, June 28 KYODO — Following are highlights of three separate Japan-U.S.

joint announcements issued Wednesday [28 June] after three days of talks from Monday in Geneva between Japanese Trade Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor on greater foreign access to Japan's auto and auto parts markets.

Regarding autos and auto parts:

- The two ministers agree to uphold four principles of globalization, localization, industrial cooperation and transparency as a guide to promote private sector efforts in autos.
- The two ministers appreciate plans taken by Japanese carmakers in 1990, 1992 and 1994 to increase their buying of foreign parts.
- The two ministers welcome recent additional plans by Japanese automakers to further increase overseas output, further localize parts purchases and further expand buying of foreign components.
- Japanese carmakers announce they will ensure the transparency of their parts buying and ensure not to discriminate against suppliers on the basis of capital affiliation.
- The two ministers welcome plans by U.S. automakers to expand their presence in the Japanese market by offering competitive products, prices and services.
- The two ministers recognize the new plans by Japanese and U.S. carmakers are not commitments and are not subject to the trade remedy laws of either country.
- The two countries agree the assessment of progress on governmental actions on autos, including deregulation of repair garages, will be based on the overall consideration of qualitative and quantitative criteria under the framework talks. Regarding dealerships:
- The American Automobile Manufacturers' Association pledges efforts to further expand their presence in Japan, including introduction of new right-hand-drive vehicles and more sales and distribution networks.
- The Japan Automobile Dealers' Association announces efforts to enhance opportunities for foreign automakers' access to Japan's dealer outlets, including a survey to find Japanese dealers interested in selling foreign cars.
- The U.S. Government expects new direct-franchise accords between U.S. car makers and Japanese dealers to total around 200 by the end of 1996 and to 1,000 by the end of 2000.
- Japanese Trade Minister Hashimoto states Japan has no involvement in this forecast because it is beyond

the scope and responsibility of government. Regarding plans by Japanese automakers:

- North American parts buying by Japanese car makers will increase by \$6.75 billion by 1998.
- The Japanese makers will expand output in North America from 2.1 million vehicles to 2.65 million vehicles by 1998.
- The U.S. estimates an increase of \$6 billion in foreign parts purchases by the Japanese companies for use in Japan by 1998.

([KYODO] Note: Figures are estimated by the U.S. based on individual plans by the Japanese makers.)

Igarashi Issues Statement on Auto Accord

OW2806224395 Tokyo KYODO in English 2122 GMT 28 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — The following is the full text of a statement issued by Chief Cabinet Secretary Kozo Igarashi early Thursday [29 June] on a successful conclusion of the Japan-U.S. autos and auto-parts talks in Geneva:

- 1. The Government of Japan welcomes the fact that the Japan-U.S. consultations on autos and auto parts have reached a successful conclusion without setting a so-called numerical target, due to the sincere and enormous efforts of both Japan and the United States. This success will not only benefit Japan and the United States, but will also contribute to maintaining and strengthening the multilateral free trading system under the WTO (World Trade Organization). I would also like to commend all the officials concerned of the U.S. Government for the realistic approach they took during the process leading up to this conclusion.
- 2. The Government of Japan is convinced that this successful conclusion represents a significant achievement of the Japan-U.S. framework talks, and will further promote the cooperative relationship between Japan and the United States. It is true that there was a gap between Japan's stance and that of the United States during the consultations on autos and auto parts. Therefore, it is particularly significant that efforts taken by both Japan and the United States made it possible to bridge the gap through dialogue.
- 3. Needless to say, it is one of the major principles of the Japan-U.S. framework talks that the results of these consultations will be shared equally with third countries on a most-favored-nation basis. The Government of Japan is convinced that this achievement will have a positive influence on the world economy as a whole.

Reaction to Tokyo-Washington Auto Agreement

Government Welcomes Accord

OW2806224195 Tokyo KYODO in English 2109 GMT 28 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — The government on Thursday [29 June] welcomed a Japan-U.S. agreement on auto and auto-parts trade reached in Geneva Wednesday, saying it will help maintain and strengthen the multilateral free trading system under the world trade organization.

Chief Cabinet Secretary Kozo Igarashi said in a statement that Japan welcomes the fact that the accord has been reached "without setting a so-called numerical target, due to the sincere and enormous efforts of both Japan and the United States."

"This success will not only benefit Japan and the United States, but will also contribute to maintaining and strengthening the multilateral free trading system under the WTO.

"I would also like to commend all the officials concerned of the U.S. Government for the realistic approach they took during the process leading up to this conclusion," he said.

The government spokesman also said, "Japan is convinced that this successful conclusion represents a significant achievement of the Japan-U.S. framework talks, and will further promote the cooperative relationship between Japan and the United States."

"Needless to say, it is one of the major principles of the Japan- U.S. framework talks that the results of these consultations will be shared equally with third countries on a most-favored-nation basis," said Igarashi. The Japanese Government "is convinced that this achievement will have a positive influence on the world economy as a whole."

Murayama Praises Deal

OW2906023195 Tokyo KYODO in English 0219 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Prime Minister Tomiichi Murayama on Thursday [29 June] praised a Japan-U.S. deal on auto and auto parts trade as a welcome development to maintain the multilateral free trade regime.

"The accord both sides reached yesterday through their strenuous efforts is significant not only for Japan and the United States but also to maintain the multilateral free trading system under the newly established World

Trade Organization," the premier told reporters at his official residence.

It was good that the agreement was reached without setting a numerical target for measuring the openness of Japan's auto and auto parts markets, among other things, Murayama said.

The premier said the deal is the "result of the two sides" strenuous efforts to resolve the issue through dialogue till the end" so the automotive trade row will not spill over into other areas of bilateral relations.

"I think it was really good," he said.

Murayama dismissed suggestions that the quarrel over auto and auto parts trade will flare up again in the future between the Japanese and U.S. Governments, adding that the latest accord can also win international understanding.

Igarashi Hails 'Triumph'

OW2906043395 Tokyo KYODO in English 0346 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO

— Japan welcomes a U.S. retraction of demands for numerical measures of the openness of Japan's auto and auto parts market, a government spokesman said Thursday [29 June].

"We really welcome the fact that our contention that numerical targets are beyond the bounds of the government's responsibility was accepted and that the maintenance of the multilateral free trading system was ensured," Chief Cabinet Secretary Kozo Igarashi told a news conference.

He lauded International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor for their role in concluding an accord on automotive trade in Geneva on Wednesday.

"This is not only a triumph of both Japan and the U.S. but also of all the participating countries of the World Trade Organization," Igarashi added.

While hailing the avoidance of U.S. sanctions on Japanese luxury car exports, Igarashi also said Washington's estimates of possible positive effects on its auto industry's penetration into Japan's automotive market are not a promised goal.

He said such estimates are "the figures unilaterally projected by the U.S.," denying speculation they will cause yet another row between Tokyo and Washington over auto and auto parts trade.

Prime Minister Tomiichi Murayama also sounded an optimistic note on the automotive trade earlier Thursday,

saying that as a result of the latest agreement, a bilateral dispute over the industrial sector will not flare up again in the future.

Igarashi said the outcome of the Japan-U.S. accord should be shared equally with other countries on a mostfavored-nation basis.

Tokyo will brief the European Union, for instance, on the results of its negotiations with Washington as part of efforts to seek international understanding about the bilateral agreement on autos and auto parts.

NFP Welcomes Accord

OW2906043695 Tokyo KYODO in English 0347 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Japan's main opposition party, Shinshinto (New Frontier Party [NFP]), on Thursday [29 June] welcomed the Japan-U.S. auto trade agreement for averting U.S. sanctions against Japanese luxury car imports.

"We appreciate wholeheartedly that the worst case of U.S. sanctions being imposed has been averted," Shinshinto said in a statement.

But it said the auto deal is not a resolution of the overall bilateral economic row and criticized both the Japanese and U.S. Governments for making use of auto trade talks for political purposes.

Kono Phones Christopher

OW2906031595 Tokyo KYODO in English 0305 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Foreign Minister Yohei Kono phoned U.S. Secretary of State Warren Christopher on Thursday [29 June] to exchange congratulations on a bilateral agreement on auto trade reached in Geneva, Foreign Ministry officials said.

Christopher said the agreement was an important step for the two countries, while Kono said that the accord showed the world that the two countries, which share the same basic values of democracy and free trade, are able to solve any bilateral dispute by holding discussions, the officials said.

The two ministers also agreed that Japan and the U.S. should strive to reach an agreement soon in another dispute in the aviation field, they said.

LDP's Kato Praises Agreement

OW2906023-95 Tokyo KYODO in English 0221 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO

— A key policy-maker of the Liberal Democratic
Party (LDP) on Thursday [29 June] praised the JapanU.S. auto trade agreement for excluding any numerical
targets.

"Japan has stuck to what it had to say in the end. Setting numerical targets in specific areas is not desirable," Koichi Kato, chairman of the LDP's Policy Affairs Research Council, told reporters.

Noting that Japan's huge trade surplus with the United States is to blame for the auto trade dispute, Kato warned that the car row could flare again if Tokyo fails to rectify the bilateral trade imbalance.

"We need to look at how to control trade policy as a whole," he said.

Business Leaders Welcome Accord

OW2906052295 Tokyo KYODO in English 0513 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Japanese business leaders Thursday [29 June] welcomed a Japan-U.S. accord on automotive trade and appealed to the government for measures to slash Japan's trade surplus and push ahead with economic deregulation.

Shoichiro Toyoda, chairman of the powerful Federation of Economic Organizations (Keidanren), lauded all the parties concerned for their efforts to avert a trade war between the two nations.

"It is especially significant that the issue was settled in accordance with the principles of free trade," he said, adding, "both countries, taking this opportunity, should step up efforts to strengthen relations based on mutual trust as their bilateral relations are particularly important."

Toyoda, who is chairman of Japan's top automaker Toyota Motor Corp., stressed the need for both the government and the private sector to promote deregulation and facilitate foreign access to the Japanese market.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said it is welcome that U.S. sanctions against Japan have been averted.

It is particularly significant that the issue has been settled with the announcement of voluntary plans for foreign procurement by Japanese automobile manufacturers, he said. Japan should expedite deregulation on its own to resolve the problem concerning Japan's rigid automobile inspection system, he said.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, said he appreciated the Japan-U.S. agreement and expressed hope it will cause a favorable impact on the domestic economy.

"The bilateral trade imbalance remains unsettled and the utmost effort must be made to reduce Japan's trade surplus in order to prevent the rekindling of friction," he said.

Inaba called on the government to take positive measures to open the Japanese market and expand domestic demand.

Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren), said the Japan-U.S. agreement will contribute to political stability and economic prosperity worldwide.

He expressed hope that structural problems impeding foreign access to the Japanese market will be eliminated to prevent a recurrence of trade friction between the two countries.

Automakers Laud Agreement

OW2906044695 Tokyo KYODO in English 0414 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Five major Japanese automakers Thursday [29 June] lauded the Japan-U.S. auto trade agreement for helping them dodge the threatened imposition of 100 percent tariffs on their luxury car exports to the United States.

Masami Iwasaki, vice chairman of Toyota Motor Corp., said, "we welcome the fact that the U.S. Government has finally handed down a sensible judgment, while the Japanese Government has stuck to the principle of free trade."

"We would like to continue to make steadfast efforts to accomplish our business plan, while continuing to strengthen cooperation with (U.S. automobile and auto parts makers) on a private sector basis," he said.

"We want the two governments to monitor such efforts," said Iwasaki, concurrently chairman of the Japan Automobile Manufacturers Association.

Nissan Motor Co. President Yoshifumi Tsuji commended Washington for deciding not to invoke section 301 of a U.S. Trade Law, a provision that Washington had cited as a legal basis to impose the sanctions.

Mazda Motor Corp. President Yoshihiro Wada also congratulated the trade negotiators of the two nations for striking a compromise.

"Mazda is thankful that the U.S. and Japan have reached agreement...which will avoid the imposition of sanctions against Japanese luxury cars sold in the U.S.," he said.

Mitsubishi Motors Corp. President Yuichi Nakamura said he is respectful to the trade negotiators for striking the accord despite a large gap in respective assertions by Japan and the U.S. that showed up in the process of the auto negotiations.

He pledged that the company will step up its overseas operations by "placing even greater emphasis on the ideal of international cooperation."

Honda Motor Co. President Nobuhiko Kawamoto vowed to carry on "our global business activities by promoting self-reliant operations in each region" of the world where Honda is engaged in manufacturing and marketing operations.

Keishin Kato, chairman of the Japan Automobile Dealers Association, also welcomed the accord and said his association will set up an office to deal with complaints over the marketing of imported cars.

He said it is now up to foreign carmakers to provide products meeting Japanese needs and to improve aftersale service and product quality, and to cut prices.

Igarashi Interviewed on Auto Accord With U.S.

OW2906124795 Tokyo Asahi Newstar Television Network in Japanese 0258 GMT 29 Jun 95

[Question-and-answer session with Chief Cabinet Secretary Kozo Igarashi and unidentified reporters at a news conference held at the Prime Minister's Official Residence the morning of 29 June — recorded; from the "Flash Report: News Conferences" program]

[FBIS Translated Excerpt] [Passage omitted on the Japan-DPRK accord on rice aid] [Unidentified reporter] Concerning the auto trade agreement with the United States, U.S. President Bill Clinton brought up some figures in his estimates introduced in a news conference following the bilateral accord. Do you think the figures may again become a problem for Japan, even though Japan says the figures are beyond the bounds of the government's responsibility?

[Igarashi] I heard the president's comments, and I hope there will be no such misunderstanding. In the joint statement released by International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor, the two ministers confirm, recognize, and understand that plans to be announced by

Japanese or U.S. companies are neither commitments nor objects of Japanese or U.S. laws for the correction of trade practices. This was confirmed in the two ministers' joint statement, and was not just the personal opinion of Mr. Hashimoto. Please do not misunderstand this point.

[Reporter] The United States is criticizing the exclusionary nature of the Japanese market in various sectors, including that for photographic film. Do you think the United States may urge other industrial circles to submit voluntary purchase plans?

[Igarashi] Individual automakers submitted their purchase plans as a result of their voluntary studies on measures for expanding their own production in the United States. I must clarify once again that the Japanese Government will never restrict, enforce, or control their plans. The joint statement was formulated because the United States dropped its demand for numerical targets. While the U.S. Government referred to some figures in the statement, these figures should be regarded as descriptions of estimates unilaterally projected by the United States.

[Reporter] The member nations of the European Union showed understanding of Japan's standpoint, and their indirect support was a great help in reaching the latest accord. Do you think Japan should fully explain the accord with the United States to them?

[Igarashi] Absolutely. We will certainly do that. The fruits of the bilateral accord are not only for the United States, but should be shared equally with all other countries on a most-favored- nation basis. We would like to explain the accord to third countries in a sincere manner in order to obtain their understanding on this point.

Auto Industry Head: No Targets Set in Accord OW2906121895 Tokyo KYODO in English

1144 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — The head of Japan's automobile industry said Thursday [29 June] no numerical targets were set in the Japan-U.S. automotive trade accord and that parts-purchase programs unveiled by Japanese automakers are their business outlines and not commitments.

Masami Iwasaki, president of the Japan Automobile Manufacturers Association, told a news conference that figures set in U.S. documents are based on U.S. estimates.

"The Japanese Government said it has nothing to do with any figures and I also think so," he said.

Japan and the United States struck a deal on automobile and auto parts trade in Geneva Wednesday, eliminating the last major snag in negotiations to work out a new framework for bilateral trade.

Iwasaki, who is vice chairman of Japan's leading automaker Toyota Motor Corp., said he is not worried about the possibility that Japanese automakers would come under pressure from the U.S. to implement their auto parts purchase programs in the future.

He said the programs were voluntarily laid down by Japanese automobile companies and should not be regarded as pledges.

The programs for purchases from foreign suppliers were released by five major Japanese automakers, including Toyota, almost simultaneously with the announcement of the Japan-U.S. auto agreement.

Iwasaki said the programs were drawn up by the five manufacturers voluntarily and not under any instruction from the Ministry of International Trade and Industry.

But he added that he thinks the plans contributed to the agreement.

"Automobile sales on the domestic market have shown signs of recovery, and domestic auto parts production will not necessarily decline despite expansion of overseas production since the necessary parts required for overseas production will continue to be shipped from Japan," Iwasaki said.

He added that automobile exports will be affected by the strong yen and that Japanese manufacturers will have to take measures to strengthen their business foundations on a continual basis to avoid the hollowing-out of domestic industry.

Referring to Toyota's plan, Iwasaki said it outlines the company's production capacity and not its actual production volume.

Yoshihide Munekuni, vice president of Honda Motor Co., told a separate news conference that no numerical targets were set in the bilateral agreement and that all figures are based on U.S. estimates.

He ruled out the possibility that the expansion of overseas production could have a serious impact on domestic industry.

"No drastic changes will take place" as a result of rising overseas production, he said.

Automakers Plan To Boost Overseas Production

OW2806171295 Tokyo KYODO in English 1704 GMT 28 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Toyota Motor Corp., Nissan Motor Co. and three other Japanese automakers plan to increase production overseas and buy more foreign car parts, the companies announced Thursday [29 June].

Toyota, Nissan, Honda Motor Co., Mitsubishi Motors Corp. and Mazda Motor Corp. have separately prepared their "voluntary global plans."

The automakers' announcement coincided with a breakthrough in the Japan-U.S. talks on cars and car parts just ahead of the deadline for the imposition of the punitive measures worth \$5.9 billion.

International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor reached agreement Wednesday in Geneva.

The major automakers did not release specific figures as this would suggest a "numerical target" which Japanese negotiators have strongly opposed.

Nissan said it will shift part of its engine production from Mexico to the U.S., and begin in 1997 to manufacturing 200,000 engines annually.

Nissan, which will also establish a factory in the U.S. to produce 20,000 forklift engines, said it will increase procurement of foreign parts for automobiles.

Toyota, which produced 580,000 vehicles in the U.S. and Canada in 1994, said it will raise the figures to 1.1 million in 1998. The auto giant has begun mulling creating new factories in the U.S., company officials said.

It also plans to start manufacturing luxury cars in the U.S.

As for car parts, Toyota plans to deal in foreignmade car parts through its dealer network operated by affiliated companies.

While sharply increasing its engine production capacity in the U.S., Toyota will also boost car production in Britain.

Meanwhile, Honda announced it plans to start producing and selling luxury models in the U.S. in 1996. It will also boost its car production in North America from the current 610,000 vehicles to 720,000 a year.

While expanding engine production in the U.S., Honda will also boost automobile production in Britain to

150,000 units by the year of 2000 from the current 100,000, Honda officials said.

Mitsubishi Motors said that it will increase passenger car output in the U.S. and Europe. At the same time, Mitsubishi will support foreign carmakers in selling their vehicles in Japan.

According to Mazda officials, the company will manufacture new models in the U.S. and boost imports of foreign car parts to Japan.

Murayama on Economy, Auto Talks, Foreign Policy OW2906102295 Tokyo KYODO in English 0928 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Prime Minister Tomiichi Murayama promised Thursday [29 June] to make all-out efforts to stimulate the ailing Japanese economy and ensure the nation's elusive recovery.

"The economy is in a serious situation," Murayama said in an interview program videotaped by Japan Broadcasting Corp. (NHK).

"Its direction has grown uncertain due to the negative effect of the yen's steep climb," Murayama said in the program to be aired Thursday night. Friday is the anniversary of his first year in office.

"We must strive to get the nation's economy back on a path to recovery," the premier said, noting the government will take necessary steps, ranging from the front-loading of public works spending projects to measures aimed at bolstering domestic financial and securities markets.

On foreign policy, Murayama welcomed Wednesday's accord between Japan and the United States on autos and auto parts trade. The agreement was reached just before the Washington-imposed deadline for sanctions on Japanese luxury car exports to the U.S.

"It was really good. I was relieved," Murayama said.

Murayama, 71, also touched on ongoing negotiations over Japan's emergency rice aid to North Korea, saying he hopes they will pave the way for normalized relations between the two countries.

Citing the lack of diplomatic ties between Tokyo and Pyongyang, Murayama spoke of the need to achieve a breakthrough in their relationship.

Normalization of relations with North Korea would also contribute to improving ties between North and South Korea, he said.

Concerning the July 23 House of Councillors election, Murayama repeated his oft-stated contention that his Social Democratic Party (SDP) should win at least 22 out of the 126 seats at stake in the poll.

While dismissing a widely held view that the SDP will lose big and fall far short of the 22-seat goal, he also indicated the framework of the current three-party coalition will be maintained when their combined strength in the upper house increases as a result of the election.

In addition to the SDP, the ruling coalition includes the Liberal Democratic Party, headed by Foreign Minister and Deputy Prime Minister Yohei Kono, and New Party Sakigake, led by Finance Minister Masayoshi Takemura.

Mandated Modifications for Ford Imports Viewed

OW2806141295 Tokyo KYODO in English 1232 GMT 28 Jun 95

["News Focus" by Mutsuo Fukushima: "Mandatory Modifications, Tests Boost Import Car Prices"]

[FBIS Transcribed Text] Tokyo, June 28 KYODO — A U.S. Government document listing costly modifications mandated by Japan on imported cars raises questions about the necessity of many Japanese auto regulations.

Some even blame such regulations for pricing many imported cars beyond the reach of ordinary Japanese consumers.

The Transport Ministry denied the allegation, saying the modifications are necessary to ensure the safety of drivers and pedestrians and to meet Japan's narrower, often-congested roads.

Dated May 1, 1995, the U.S. document carries the title, "Modifications Required for American Made Fords Prior to Sale in Japan."

It charges that predelivery inspections (PDIs) and 16 different modifications made to the best-selling Ford Taurus station wagon raise its retail price by a total of 273,908 yen, or 7.1 to 8.8 percent.

A U.S. Government source gave the two-page document to KYODO NEWS SERVICE on condition that he and the agency that conducted the investigation not be identified.

U.S. investigators consulted with Ford Motor Co. (Japan) to determine exactly which modifications were necessary for Ford Taurus station wagons "to be eligible for sale in Japan," according to the document.

"Each of the 16 modifications is required in order to comply with Japanese Vehicle Safety Law," the document says.

"All except item number 13 — procurement of emergency smoke candles — are now being done in the United States in order to reduce costs. Until 1993, the modifications had been performed in Japan," it says.

Vann Wilber, an authority on foreign government regulations at the American Automobile Manufacturers Association (AAMA) said, "I can confirm that the 16 items on (the) 'Ford' list are also concerns shared by all our members."

The 16 changes range from a simple requirement that Ford "modify curvature of the exhaust pipe to an angle of 14.5 degrees to the left as opposed to 30 degrees" to a requirement to "attach an insulation plate (over the exhaust system) to protect against heat damage."

Other regulations call for replacing the "light bulb for front turn signals... changing (its) type from increase/ decrease to off/on style" as well as the "light bulb for license plate lamp to provide stronger illumination."

Ford is also required to "install urethane arch-type fender protectors to the front fender" so that tires do not protrude beyond the side of the wagon, even when they spread out under the vehicle's weight. A Ford official said the tires spread 10 to 20 millimeters.

Another rule obligates foreign carmakers to "instail a warning light on the instrument panel on the left side of the steering column to alert (a driver) to overheating of the exhaust system."

Tsuneo Nakajima, head of the Transport Ministry's Vehicle and Component Approvals Division, defended all the 16 modifications as being necessary to ensure the safety of both pedestrians and drivers under Japan's special road conditions.

Nakajima explained the insulation plate rule by saying that if a few spark plugs stopped functioning, insufficiently burned, vaporized fuel could pass from the engine to the catalytic converter, which then has to burn the remaining gasoline and harmful agents. The surface of the converter could then reach "around 600 degrees Celsius," he said.

Radiating this temperature when the car is parked could potentially set fire to dry grass beneath the car, he said. "This regulation is partially designed to prevent the outbreak of a fire," he said.

He also said the converter's ability to get rid of harmful exhaust gases such as carbon oxide, hydrocarbons and nitrogen oxide could be impaired.

AAMA president Andrew Card, during his recent visit to Tokyo, criticized the insulation plate and warning light installations and several other requirements as "solutions for problems that do not exist."

"I do not see that these regulations are designed to offer a benefit for either safety or performance," said the former U.S. transportation secretary in the administration of President George Bush in an interview.

Referring to the insulation plate requirement, he said, "I'm not aware of a single problem with heat damage from American-made cars that shows up in the 15 million-unit car market in the United States." Card described the rule as "very, very expensive."

Nakajima also defended the urethane fender protector, saying, "when a wide tire protrudes beyond the side of a car, the rotating wheel may entrap the clothes of a pedestrian. This safety regulation is aimed at preventing the rotating part from touching a pedestrian."

Card laughed at this rationale.

"I can see how that regulation would make sense if you were a passenger who spent all your time standing on the hood of a car (and looking down) when the car is running...because you might not want to see the tire spread out," he said.

"But there aren't many passengers that stand on the hood of a car when it is being driven," he said.

Nakajima defended the requirement that the U.S. increase/decrease-type front-turn signal light bulb be replaced with an on/off one, saying the latter is more easily recognized by pedestrians and drivers in Japan.

"That is for preference," Card said. "A lot of these regulations, I think, are impediments to this market."

The U.S. Government document shows these modifications alone boosted the wagon's retail price in Japan by 138,908 yen or 1,694 dollars per unit, calculated at the rate of 82 yen to the dollar.

Mandatory PDIs, such as brake and exhaust system tests — required here even after similar U.S. tests certify the wagon's safety — jacked up its retail price by a further 135,000 yen or 1,646 dollars, it shows.

Nakajima said the modifications and PDIs "have not dealt a fatal blow to their (Ford's) sales here."

Naoki Yamaguchi, president of Aichi Toyota Motor Co., Toyota Motor Corp.'s largest dealership in Japan, said, "I think it is OK to abolish modification requirements, as long as it does not undermine safety standards."

Aviation Dispute With U.S. Outlined

OW2906092295 Tokyo EKONOMISUTO in Japanese 4 Jul 95 p 25

[Unattributed "Line Up" column: "Japan-U.S. Aviation Talks: U.S. Government Preparing Other Sanctions — Growing Expectations for Kamei's Just Argument"]

[FBIS Translated Text] The Japan-U.S. aviation talks on major air cargo carrier Federal Express Corp.'s demand for additional beyond rights for flights to Asia via Narita and Kansai airports entered a new phase on 20 June when the U.S. Government announced its decision to start sanction procedures against Japan.

On 21 June, Transport Minister Shizuka Kamei stated "we will continue to patiently seek a peaceful settlement through consultations, but, as a matter of course, we will take proper countermeasures if the United States actually imposes sanctions." The Transport Ministry immediately worked out measures to counter possible U.S. sanctions, and this was regarded as an unusually swift response for Japan. Just like the bilateral auto talks, the aviation talks may result in an endless exchange of sanctions in the worst case.

The bilateral aviation dispute was triggered by Federal Express' construction of a large-scale cargo terminal in Subic, the Philippines, with an eye to the rapid economic growth of Asia. To gain access to the new cargo terminal, Federal Express demanded drastically increased Asian routes via Narita and Kansai Airports; however, the Japanese Government refused to approve the request, saying it will "worsen the inequity between Japan and the United States."

The Japan-U.S. aviation agreement was concluded in 1952 to ease the way for the operations of one Japanese and three U.S. airlines. Under the agreement, Federal Express has unlimited rights to open routes to third countries via Japan. U.S. negotiators insisted "Japan is violating the agreement by restricting use of guaranteed rights."

On the other hand, Japanese negotiators noted: "The 1952 agreement was concluded immediately after Japan resumed independence from the occupation forces, and there was an overwhelming gap in the strength of the two nations. In connection with this, the appendix of the agreement, which stipulates details of the rights of both sides, has extremely unequal characteristics." The Transport Ministry noted, under the agreement, Japan has no obligation to immediately approve the U.S. requests since they go against the agreement's clause that "beyond rights should be used as secondary rights to supplement transportation between Japan and Asia as third countries."

Of course, the United States does not want to give up its advantages. Japan has obtained no fruits from negotiations since 1976. In January, however, U.S. President Bill Clinton showed understanding of the Japanese claim, saying "the Japan-U.S. aviation agreement was concluded according to relations between a victor nation and a defeated nation, and is an unequal treaty." So far, both Japan and the United States consider the aviation market should be expanded between the two nations.

Some people concerned with the Transport Ministry and aviation circles say: "Germany has successfully equalized the aviation agreement with the United States while it is a defeated nation too. This achievement was reached through the leadership of Chancellor Helmut Kohl, who sought an equal agreement while hinting at scrapping the agreement." These observers say Japan should follow the scrapping procedures, and give one-year advance notice according to the agreement. Renouncement of the aviation agreement may sound too sensational, but the two nations cannot "put new wine into old bottles" forever. The conclusion of a new agreement may be a possibility because it is better than sanction wars.

Younger Transport Ministry officials, including those in the Civil Aviation Bureau, are beginning to show their desire for an early settlement of the dispute. They say "we want to pave the way for the 21st Century while Mr. Kamei is in office because he can express his opinion to the prime minister and the foreign minister." "Expectation for Kamei" is growing.

Tokyo, Pyongyang Resume Rice Aid Talks

OW2906021295 Tokyo KYODO in English 0152 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Japan and North Korea resumed working-level talks Thursday [29 June] morning to work out the price and interest rate on Japan's supply of 300,000 tons of rice to Pyongyang, Japanese officials said.

The two countries have basically agreed that all of the 300,000 tons of rice would be paid on 30-year deferred payments and are expected to sign an accord as early as Thursday.

North Korea is asking for cuts in the price of rice and in the interest rate, sources said.

The North Korean delegation arrived in Tokyo last Friday to seek shipments of Japanese rice to alleviate North Korea's serious food shortage, which it said has been caused by bad weather.

Some Rice 'May Be Free'

OW2906043995 Tokyo KYODO in English 0337 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Some of the rice that Japan will supply to North Korea may be free of charge, a top government spokesman suggested Thursday [29 June], returning to Japan's earlier proposal on the matter.

"(Japan and North Korea) are discussing the issue including gratis aid. We have not changed the policy of providing a total of 300,000 tons (of rice)," Chief Cabinet Secretary Kozo Igarashi told reporters.

The two countries had basically agreed that all of the 300,000 tons of rice would be paid for on 30-year deferred payments.

Japan had initially proposed supplying 300,000 tons of rice with 150,000 tons as grant in aid through the Japanese Red Cross Society, but the North Koreans rejected the plan because they were concerned that aid through the Red Cross would arrive late, Japanese sources said.

Pyongyang negotiators had proposed that all of the 300,000 tons of rice would be paid for.

The two countries resumed working-level talks Thursday morning.

The North Korean delegation arrived in Tokyo last Friday to seek shipments of Japanese rice to alleviate North Korea's serious food shortage, which it said has been caused by bad weather.

Igarashi: Rice Talks Opened Door to DPRK

OW2906082995 Tokyo KYODO in English 0813 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Ongoing negotiations between Japan and North Korea over emergency rice aid are a "plus factor" to clear the way for normalized bilateral relations in the future, a Japanese Government spokesman said Thursday [29 June].

North Korea's respective negotiations with Japan and South Korea to seek rice provisions means the communist country has "opened its door and moved a step toward international society," Chief Cabinet Secretary Kozo Igarashi told a news conference.

"This must be a plus factor for normalizing relations between Japan and North Korea," he said.

Japanese and North Korean officials are close to a formal agreement on Tokyo's rice aid to Pyongyang,

which says the country is suffering from a food shortage due to bad weather.

Japan plans to ship 300,000 tons of rice to Pyongyang, up to 150,000 tons of which is expected to be delivered at no cost, according to Igarashi.

APEC 'Action Plan' Faces Domestic Opposition OW2906013595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Jun 95 Morning Edition p 7

["Commentary": "APEC Action Plan; Japan Faces Rough Going in Coordinating Abroad and at Home"]

[FBIS Translated Text] Among other things, plans designed to reduce and abolish tariffs are incorporated in an action plan, which the government mapped out by acting as a central figure. However, it can be said that the plan's formation was a hard option the government had to take to show its leadership as a host nation of an Asia-Pacific Economic Cooperation (APEC) forum session. There is a possibility that Japan may face rough sailing in coordinating at home on reduction and abolition of tariffs on agricultural products. Japan will be forced to go through difficulty in playing a leadership role while keeping an eye on both domestic and international situations.

The Ministry of Agriculture, Forestry, and Fisheries [MAFF] is resisting the plan, which may be linked to a complete liberalization of agricultural products. The ministry keeps an adamant stand, saying: "We cannot promise further liberalization because we have just accepted liberalization of agricultural products, including opening up of the rice market" (according to a MAFF Economic Affairs Bureau official).

We can say that the government incorporated in the [action plan] fundamentals its "consideration for each member and diversity in each field" not only because it is concerned about the individual situation in each APEC nation and state but also it gives consideration to dissatisfied elements within itself. The same thing can be said about the fact that the government, although it was advocating an idea of making APEC a free trade bloc, had to "lower and abolish" tariffs instead of "abolishing them."

On the other hand, hard-liners, who call for market liberalization, in other countries, including the United States and Canada, are increasingly becoming distrustful of the plan, saying: "Progress will not be made in market liberalization if we entrust the matter to each country's self-imposed measures." In contrast with this, ASEAN members maintain the stand that "market liberalization should be promoted voluntarily depending strictly on the situation in each country and region." It is possible

that Japan will be forced to revise the draft guideline as the November session nears.

Moreover, it is also possible that the United States and other countries may call once again for [maintenance of] the current negotiation method in individual areas should the conciliatory and voluntary measures, launched in the action plan, for market liberalization do not work. Because of this, Japan plans to show its initial action plan, which Japan implements, at the APEC session, slated to be held in Osaka this fall.

Japan wants to show its leadership by demonstrating that voluntary liberalization plans work. However, there is a danger that the liberalization plan, which will be introduced at the APEC meeting, may be aborted in the planning stage, should resistance at home and abroad grow big.

MITI To Create Post for APEC Coordination

OW2906004595 Tokyo NIHON KE. PAI SHIMBUN in Japanese 27 Jun 95 Morning Edition p 5

[FBIS Translated Text] On 26 June, the Ministry of International Trade and Industry [MITI] announced that it will start a plan for reforming its organization on 1 July. In addition to creating a new post of a counselor to be in charge of coordinating development, MITI plans to establish a patent information department under the Patent Office. With the development of trade and investment liberalization, the Asian-Pacific region has become more important than before. To deal with this situation, the ministry has decided to create the position of counselor to promote development cooperation. For the time being, the counselor is expected to play a major role in preparing for the Asia-Pacific Economic Cooperation (APEC) forum scheduled in Osaka this November. As a result, there will be a total of 11 MITI counselors.

'Tougher' Target Considered for Surplus Cut

OW2806153495 Tokyo KYODO in English 1502 GMT 28 Jun 95

[FBIS Transcribed Text] Tokyo, June 28 KYODO

— The ruling tripartite coalition is likely to consider adopting a tougher numerical target than planned earlier for reducing Japan's massive trade surplus in the form of a ratio to gross domestic product (GDP), coalition sources said Wednesday [28 June].

The proposed new goal is to reduce the ratio to GDP of the current account surplus — which comprises the merchandise trade surplus plus the services trade and transfer payments balances — to the 1 percent range within three years from 2.6 percent in fiscal 1994, the sources said.

The coalition parties earlier suggested a surplus cut to the I percent level within five years.

The target is being discussed as part of a new set of coalition policies to be worked out before the weekend ahead of the July 23 House of Councillors election.

Igarashi Notes Need for Economic Restructuring

OW2906125595 Tokyo Asahi Newstar Television Network in Japanese 0920 GMT 29 Jun 95

[News Conference by Chief Cabinet Secretary Kozo Igarashi for domestic reporters at the prime minister's official residence — recorded; from the "Flash Report: News Conferences" program]

[FBIS Translated Excerpt] [Passage omitted on rice talks] [Reporter] The Japan-U.S. auto negotiations produced a good result. But what will be asked of Japan from now on will be its further efforts for market opening and deregulation. The government reportedly said it will formulate a white paper in July. As the international community is paying attention to Japan's economic policy, it may be necessary for Japan to formulate and launch a drastic policy as soon as possible.

[Igarashi] Indeed. A considerable financial outlay has been made to bolster our nation's fragile economy for the past two or three years. Furthermore, we have taken action to cope with the situation while discussing compilation of not only the first but also a second supplementary budget to stimulate the economy. In addition to these efforts, it is important to seriously tackle the revamping of the economic and social structure, including the acceleration of deregulation and administrative reform. We must realize this is an extremely important task. The government has addressed this issue in the emergency yen-curbing economic package and the pump-priming package which was announced a few days ago. We agreed to discuss it and are determined to promote it. I believe the need for revamping the economic and social structure is the very point the government must acknowledge so that swift and bold action, in line with the economic recovery packages, can be taken to achieve this goal.

[Reporter] It was reported that a basic policy for economic restructuring will be decided within this fiscal year. Do you not think a decision must be made as soon as possible?

[Igarashi] Yes, I do. The sooner, the better.

Farm Minister Seeks Approval on Rice Price

OW2906050595 Tokyo KYODO in English 0150 GMT 29 Jun 95

[Corrected version of OW2906022695, as supplied by KYODO]

[FBIS Transcribed Text] Tokyo, June 29 KYODO — The farm minister asked an advisory council Thursday [29 June] for views on a plan to keep the price the government pays farmers for rice unchanged this year despite lower production costs resulting from last year's bumper crop.

Currently, the government-subsidized price paid to producers for rice is 16,392 yen per 60 kilograms.

Agriculture, Forestry and Fisheries Minister Taichiro Okawara sought advice from the Rice Price Council, a panel representing both rice farmers and consumers, at a panel meeting in the morning, government officials said.

This is the fourth year for a farm minister to ask the panel to approve a government plan to keep the rice price unchanged.

The panel will immediately begin discussing the government proposal and will come up with recommendations by Thursday night, the officials said.

The minister's move followed a settlement of overnight bargaining between the government and ruling coalition parties in which they agreed to leave the rice price at the same level as last year's.

The accord stemmed from the political need of coalition party legislators to win votes from farming constituencies in the House of Councillors election slated for July 23, political sources said.

Asked by reporters to comment on the agreement, Prime Minister Tomiichi Murayama defended the deal, saying the accord is designed to "protect Japan's farming sector."

"As Japan is to introduce the new rice distribution system from next year, the current formula of having the Rice Price Council (advise the government on rice prices) will end with today's council meeting," he said. [initial KYODO version did not have the previous two paragraphs]

Chief Cabinet Secretary Kozo Igarashi told reporters, however, the government decision "has nothing to do with the forthcoming upper house election."

The decision reflects the government's desire to see domestic farmers improve productivity and cope with the severe situation in the years ahead, the government spokesman said.

An initial calculation by budget drafters who used the long-established official calculation formula estimated farmers' rice production costs for this year would be 1,075 year or 6.6 percent lower than last year's government-set price paid to producers.

The coalition parties demanded a recalculation based on a different formula, the sources said.

As a result, the budget drafters recalculated by altering interest rate and labor cost estimates. The new figure for production costs was 551 yen, or 3.4 percent, below last year's government-set price, they said.

At Thursday's discussion, panelists representing consumers are expected to clash with those representing farmers, the government officials said.

In addition to the 551 yen per 60 kilogram subsidy, the coalition parties are currently demanding that the government give a special allowance to farmers who agreed to pare down this year's production by idling their paddy fields, they said.

A government official in charge of the matter told the coalition legislators, "we will respect the spirit of your request."

Price To Remain Unchanged

OW2906140595 Tokyo KYODO in English 1348 GMT 29 Jun 95

(FBIS Transcribed Text) Tokyo, June 29 KYODO — An advisory panel endorsed the farm minister's plan Thursday [29 June] to keep the price the government pays farmers for rice unchanged this year for the fourth straight year, despite lower production costs resulting from last year's bumper crop, officials said.

Agriculture, Forestry and Fisheries Minister Taichiro Okawara sought advice in the morning from the Rice Price Council, a panel representing both rice farmers and consumers.

Based on the endorsement by the panel, the government will officially decide at Friday's cabinet meeting that the government-subsidized price paid to producers for rice will be 16,392 yen per 60-kilogram bale, they said.

In order to keep the price the same as last year, the government adopted a different calculation formula from the conventional method. As a result, the price proposed by the government was higher than the price calculated by the conventional method.

The move followed a settlement of overnight bargaining between the government and ruling coalition parties in which they agreed to leave the rice price the same price as last year.

The decision stemmed from the political needs of coalition party legislators to win votes from farming constituencies in the House of Councillors election slated for July 23, government sources said.

At the panel discussion, panelists representing consumers clashed with those representing farmers, saying, "it is unfair not to use the regular calculation method," or "our panel should have discussed the method itself before discussing a price proposal," panel sources said.

However, panelists representing rice farmers and neutral panelists supported the minister's proposal by stating that the rice harvest fluctuated widely over the past two years, referring to 1993's record bad crop and 1994's abundant harvest, they said.

Government Announces Cut in Housing Loan Rate

OW2906103495 Tokyo KYODO in English 0946 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO — The government decided Thursday [29 June] to lower the basic rate on housing loans by the Public Housing Loan Corp. by 0.2 percentage point to a historic low of 3.6 percent per annum, government officials said.

The rate, to be retroactive to June 7, will be applied to loans for housing with floor space of up to 125 square meters. The rate will match the record low for the first time in 17 months.

The basic rate for loans for housing with floor space more than 125 square meters and less than 175 square meters will be lowered to 3.65 percent.

The public housing loan rate is linked to the trust fund bureau rate, which applies to deposits from governmental bodies investing public funds, such as postal savings and employee pensions, through the bureau.

In line with a decline in the coupon on auctioned July government bonds from that on the June issues, the government is likely to cut the bureau rate.

At the same time, it has apparently been studying further rate reductions of the housing loan rates.

The rate reduction, if made, will stand between 3.0 and 3.5 percent to mark a new low, they said.

FTC Orders Shiseido To Halt Price-Fixing

OW2106075795 Tokyo KYODO in English 0741 GMT 21 Jun 95

[FBIS Transcribed Text] Tokyo, June 21 KYODO — The government's fair trade watchdog said Wednesday [21 June] it has ordered Japan's leading cosmetics maker to halt its retail price fixing practice.

The Fair Trade Commission [FTC] said the practice by Shiseido Co., designed to prevent bargain sales of its products, violates the nation's antimonopoly law.

Yoshiharu Pukuhara, president of the Tokyo-based company, called the commission's order regrettable.

The company allegedly tried to restrict discount stores and supermarkets from selling its products at bargain prices by limiting shipments or reducing rebates.

The commission said Shiseido agreed to supply its products to a major supermarket operator in March 1993 on condition that it refrain from selling them at bargain prices.

In June 1993, it said the nation's top cosmetics company made a similar request to another major supermarket.

Both supermarkets dropped discount sale plans for fears of retaliation, the commission said.

The commission's action followed a series of inspections at Shiseido's head office and sales affiliates between September and November 1993.

Fukuhara said at a press conference, "It is hard to accept the FTC's decision that our company has prevented discounters from cutting retail prices," noting his company plans to ask the FTC to review the decision.

Akira Genma, senior managing director of Shiseido, rejected the FTC's inspection results, saying, "We haven't even had a discounter tell us they planned to cut the retail prices of Shiseido products."

Genma added, "We carried out a thorough in-house inspection of our own (regarding retail price manipulation) whenever the FTC questioned our business practices."

Meanwhile, Yukio Higuchi, chairman of Kawachiya Co., a Tokyo-based discounter, said, "We welcome the FTC ruling. The time is over when cosmetics are sold at a uniform price."

Higuchi also said the FTC is inspecting other four cosmetics companies — Kanebo Ltd., Kose Co., Max Factor K.K., and Kao Corp. — suspected of violating the antimonopoly law.

Debut of Product Liability Law Previewed

OW2806133795 Tokyo KYODO in English 1203 GMT 28 Jun 95

["News Focus" by Noriko Sato: "Product Liability Law To Debut in Japan"]

[FBIS Transcribed Text] Tokyo, June 28 KYODO — Consumers are hopeful while firms are a shade nervous. On July 1, the Product Liability [PL] Law comes into force, paving the way for consumers to more easily seek compensation from manufacturers for accidents caused by defective products.

"At last we've got a law that stresses the importance of companies taking self-responsibility," says Nobuhiro Awaji, manager of the nonmarine underwriting department at Tokio Marine and Fire Insurance Co.

Japan is a latecomer among industrialized countries in the legislation of a PL Law, even though the need for one has been debated since the early 1970s.

So far, damages for PL cases have been dealt with under civil law which is said to favor manufacturers. Under that law, consumers must prove negligence on the part of manufacturers in making offending products.

This is a difficult task, particularly when the product in question is an electronic item or a car that requires intricate high-tech knowledge, and it has tended to discourage consumers from filing suits. The new law requires the plaintiff to prove only that there was a defect in the product.

The bill for the law — which lets consumers seek compensation within three years of an accident or within 10 years of the product being put on sale — was passed in June last year. Its application is limited to tangible, movable and processed products, ruling out electricity, real estate, agricultural products and seafood.

The move toward legislation is already said to have had an effect on courts. For example, in March last year, Matsushita Electric Industrial Co. had to pay 4.4 million yen in damages for a television set that caught fire and burned down a company office.

The Osaka District Court's ruling shocked the consumer electronics industry in that it assumed negligence on the part of the manufacturer since the TV set was proved to be defective.

Normally, it would have been hard under civil law for plaintiffs to win such a case since they would have to give proof of the company's negligence in manufacturing the TV set. But the court lifted that burden from the consumer, deciding that proof of defect was enough to assume negligence.

It remains to be seen, however, whether the new law will lead to more such victories for consumers. Skeptics say that courts will not easily assume negligence on given proof of a defect. They also point out that the very need to prove the existence of a defect is still a considerable burden on consumers.

"Manufacturers will be reluctant to admit a defect unless consumers can come up with specific proof," says one lawyer.

Nonetheless, the PL law is one step forward for consumers, says Hideo Yamazaki, an analyst at the Puji Research Institute. "It can already be credited for raising awareness among both consumers and manufacturers about product safety," he said. Unwilling to risk suits, companies are strengthening their safety standards, with carmakers, for example, fitting their cars with air bags, he said.

Matsushita Electric is taking measures to "double check and triple check" the safety of its products, says Shoji Puji of the company's public relations department. Ten working groups have been set up in the company to undertake everything from reviewing product design to making educational video tapes for consumers, he said.

One example of revised design is the shift in location of a heat- releasing slitted board from the top of the television set to the side. "We wanted to minimize the possibility of water getting into the TV set," said Puji. The company is also warning consumers against placing water-filled vases on the TV set, and will make sure that no TV commercials show scenes of vase-laden TV sets, he said.

All the precaution naturally leads to higher costs for firms, but should pay off in the long term as a reputation for good quality should ensure that consumers buy more, says Awaji.

He noted that while the cost of settling a PL dispute in court is apparently the uppermost concern among most companies, a suit can lead to "other tremendous indirect losses," such as costs for recalling products, as well as the incalculable damage to the company name and employee morale, he said.

Awaji noted that since only 10 percent of the nation's firms are currently covered for product liability insurance, nonlife insurers are likely to find increasing business opportunities in this growing sector. He said, however, that his job nowadays is to convince companies that their foremost task in preparing for the PL law is to boost safety standards.

Yet for all the jitters manufacturers may have, it is unlikely that the number of PL suits will increase

dramatically after the new law. "The Japanese courts take too much time and money. People are more likely to turn to out-of-court settlements, especially for trivial damages," said Yamazaki.

Both the government and the private sector have made efforts to respond to a predicted rise in demand for such out-of-court disputes. Organs within local governments are bracing to mediate between consumers and manufacturers.

"These dispute-settling organs have been virtually asleep so far, but we hope to wake them up and offer more flexible measures than in the courts," an official at the Economic Planning Agency (EPA) said. He noted that on occasion consumers may be required to give less rigid evidence.

The Japan Consumer Information Center, a body under the EPA, will be giving advice to consumers on legal procedures and on ways to obtain facts about defective products. Meanwhile, industries are setting up their own third-party organs to try to solve consumers' complaints.

NTT Reports Increasing Foreign Procurement

OW2906103395 Tokyo KYODO in English 0901 GMT 29 Jun 95

[FBIS Transcribed Text] Tokyo, June 29 KYODO

— Nippon Telegraph and Telephone Corp. (NTT)
said Thursday [29 June] that it procured from foreign
countries 135 billion yen worth of equipment for fiscal
1994, ended March 31, up 13.4 percent or 16 billion
yen from the previous year.

NTT's procurement amount also rose 23.6 percent from a year before in U.S. dollar terms, officials for Japan's largest telecommunications firm said.

NTT bought foreign goods, including digital switchboards, optical fiber cables, satellite-communications devices, bill issuing systems and telephone service operating systems, they said.

Public Works Urged To Include Telecommunications

OW2506170595 Tokyo ASAHI SHIMBUN in Japanese 23 Jun 95 Morning Edition p 11

[FBIS Translated Text] On 22 June, the Ministry of International Trade and Industry [MITI] issued a report saying public works projects should not be limited to such traditional areas as bridges and roads, but should be extended to include electronic and telecommunications equipment as a way of promoting their pervasive effect. This report follows MITI's finding based on analysis of the 1992 interindustry relations table that the pervasive

effect of the electronic and telecommunications equipment is great.

The interindustry relations table makes it possible to measure what effect the conditions of production in goods or services have on other segments of industry.

The analysis showed that when the pervasive effect (inducement coefficient) is measured for various segments of industry, there was found to be a wide gap in the effect among the segments, and while civil engineering and construction had a pervasive effect of 1.855 times, the electronic and telecommunications projects had an effect of 2.173 times and general machines, an effect of 2.065 times.

The report said that in the economic stimulus package, it would be more effective to shift the weight of public work projects to electronic and telecommunications systems as the latter would have a better pervasive effect.

Poll Shows Slight Drop in Support for Cabinet

OW2806091395 Tokyo KYODO in English 0820 GMT 28 Jun 95

[FBIS Transcribed Text] Tokyo, June 28 KYODO — The support rate for Prime Minister Tomiichi Murayama's cabinet has dropped slightly to 38.8 percent, despite the three-party coalition's strong showing in a recent hijacking case and an image-boosting summit of leaders of major economic powers in Canada, a KY-ODO NEWS SERVICE poll shows.

Cabinet support came down 0.6 percentage point from 39.4 percent in last month's poll. At the same time the disapproval rate also slightly dropped by 0.4 percentage point to 51 percent, but as in the two previous polls in March and May clearly exceeds favorable assessment of the cabinet.

The share of those without any declared preference for a certain political party, which registered an all-time high last month, slipped noticeably by 10.3 percentage points to 27.4 percent ahead of the July 23 House of Councillors election.

However, in the one year since the inauguration of the coalition government of the Liberal Democratic Party (LDP), Social Democratic Party (SDP) and New Party Sakigake last June, Murayama and his cabinet colleagues appear to have failed to win support from a majority of voters.

The poll was conducted nationwide Saturday [24 June] and Sunday in personal interviews with 2,013 eligible voters.

Among those supporting the Murayama cabinet, some 41.6 percent do so because of a "lack of other suitable personalities." That figure stood at a slightly higher 43.8 percent in the May poll.

But a rising number of voters, 20.6 percent, up 7.4 percentage points from May, cite the three parties' power-sharing as a reason for supporting the cabinet.

On the other hand, "trust in the prime minister," which ranked second on the government's plus list in all previous polls, slipped to rank third as it was cited by only 18.9 percent of supporters, compared with 26.8 percent last month.

Of those voicing disapproval, 8.6 percent, up from 6.4 percent in May, were critical of the cabinet's economic policies such as measures to stop the yen's sharp rise against the dollar.

As for support of a certain political party, the LDP lost 0.4 percentage point but still enjoys most voter support at 30.4 percent.

SDP support rose by 1.7 percentage points to 11.2 percent, while New Part, Sakigake improved from 2.1 percent to 3.5 percent.

The major opposition party, Shinshinto (New Frontier Party), whose support rate has been on the decline since the March poll, made good 3 percentage points and climbed to 15.2 percent.

Support for the Japanese Communist Party rose from last month's 1.9 percent to 2.5 percent. The remaining other small parties and political groupings are supported by a total of 4.2 percent of those polled, the highest rate registered since 1968, up 2.6 percentage points from last month, reflecting growing voter dissatisfaction with the established political landscape.

Kato: Murayama To Remain Premier After Poll OW2806120095 Tokyo KYODO in English 1042 GMT 28 Jun 95

[FBIS Transcribed Text] Tokyo, June 28 KYODO — Prime Minister Tomiichi Murayama will remain as head of government beyond the election for the House of Councillors on July 23, a senior leader of the ruling Liberal Democratic Party (LDP) predicted Wednesday [28 June].

"The idea of having an LDP prime minister does not have a consensus in the current three-party coalition system," Koichi Kato, chairman of the LDP's policy affairs research council, said in a lecture sponsored by KYODO NEWS SERVICE.

"The LDP still has a long way to go before winning back people's trust," he noted, repeating his oft-stated

contention that Murayama should stay on as premieeven if his Social Democratic Party (SDP) loses heavily in the July poll.

He also insisted the LDP, the largest force in the coalition, support Murayama for the time being instead of trying to have an LDP member become prime minister.

Citing New Party Sakigzke's threat to pull out of the governing union in the event of there being an LDP premier, Kato said, "If Sakigake leaves, the SDP will follow. The LDP will lose its grip on power as soon as it loses its modesty."

New Party Sakigake, an LDP splinter, is the smallest force in the coalition.

Kato took a dim view of having a cabinet reshuffle after the Upper House election, in which the SDP, headed by Murayama, is widely predicted to suffer a big setback.

He also predicted Japan's political situation will become more unstable in late September, when an election for the LDP president is held, than after the Upper House election in July.

The incumbent LDP president is Foreign Minister and Deputy Prime Minister Yohei Kono, but his power base within the party is thought to be weak and, therefore, his reelection not inevitable.

Turning to a new policy accord the three coalition forces will adopt Friday, Kato said it will state a specific goal of slashing Japan's trade surplus, which totals about 130 billion dollars a year.

He also reiterated that the government and the ruling parties ought to take bold steps to boost domestic demand and get the nation out of the economic doldrums.

While singling out the huge trade surplus as a primary culprit behind the high-flying yen, a serious threat to the nation's fitful economic recovery, Kato vowed efforts to include powerful and effective economic support measures in the policy accord.

Murayama's First Year in Office Assessed

OW2906104795 Tokyo KYODO in English 0836 GMT 29 Jun 95

["News Focus" by Takehiko Kajita: "One Year On, Murayama Under Severe Pressure"]

[FBIS Transcribed Text] Tokyo, June 29 KYODO — Tomiichi Murayama has hung on as Japan's prime minister for a year now, defying a barrage of criticism of his ability to lead the nation. When the current administration came to power June 30 last year, there was already talk that Murayama's days were numbered.

The shocking alliance of the conservative Liberal Democratic Party (LDP) and Murayama's Social Democratic Party (SDP), two former Cold War era archrivals, was thought to be a temporary phenomenon because they had supposedly unbridgeable gaps over some key policy issues.

Although the SDP has since jettisoned almost all of its traditional beliefs, policy coordination within the governing coalition, which also includes New Party Sakigake, is hard and time-consuming, and is one reason for the administration's lack of flexibility.

"I can think of no other cabinet that has completed as many tasks as ours," Chief Cabinet Secretary Kozo Igarashi, the top government spokesman, said recently.

But analysts say Murayama, 71, has only touched the surface of a number of issues.

While achieving limited success in reforming the tax system and resolving the issue of Japan's wrongdoings in Asia mainly in the 1930s and 1940s, the Murayama government appears to have failed to lift the nation out of economic stagnation.

Despite a series of economy-spurring measures, it is still uncertain when the country will emerge from protracted recession.

A fresh stimulus package released Tuesday [27 June] failed to impress Japan's dismal stock market, sending share prices dropping below the psychologically important 15,000 level on the benchmark Nikkei stock average...

Now, Japan is feared to be entering a deflationary phase for the first time since the end of World War II. This comes against the backdrop of a weak property market, which is a major drag on the economy.

The Murayama government has also drawn fire for its perceived ineptitude in crisis management. The allegedly flawed response to the Great Hanshin earthquake in January, which killed about 5,500 people, triggered harsh criticism.

But the temblor, coupled with the lethal sarin nerve gas attack on the Tokyo subway system in March and the skyjacking of a jetliner on a domestic flight last week, has also contributed to deflecting public attention away from politics.

"A series of relatively big problems happens to have cropped up and they have become the center of public attention," said Yoshiaki lisaka, a political science professor at Tokyo's Gakushuin University.

Without such events, he said, Murayama would have been attacked more severely for his failure to tackle the high-flying yen and adopt a better parliamentary resolution commemorating the 50th anniversary of the war's end than the one that was actually passed.

Behind Murayama's year in office is the strong support provided by the three coalition forces, who no doubt are aware that his departure could upset the balance of power among them and easily break up the framework of the governing alliance.

The LDP, the SDP and Sakigake formed a coalition a year ago with the aim of preventing key politician Ichiro Ozawa from throwing his weight around. The three parties had criticized him for his "strong-armed politics."

The fear of a possible return to political center stage by Ozawa, who is now the secretary general of the leading opposition party Shinshinto (New Frontier Party), has made it possible for the three to maintain unity in spite of some squabbling.

Shinshinto, for its part, has also failed 'o drive the Murayama administration into a corner. Since its inauguration last December as Japan's second largest political party after the LDP, Shinshinto has tried unsuccessfully to make its presence felt as the main opposition force.

The party barely managed to make a mark earlier this month when it submitted to the Diet a no-confidence motion against the Murayama cabinet.

The motion was voted down because the combined parliamentary strength of the three ruling forces far exceeds that of Shinshinto.

Although coalition leaders boasted that the premier's survival of a no-confidence vote means he has received a fresh endorsement from the public, support for the cabinet remains in the doldrums.

A KYODO NEWS SERVICE poll for this month shows the support rate for Murayama's cabinet at 38.8 percent, well below the disapproval rate of 51.0 percent.

A major political turnaround may come after the July 23 election for the House of Councillors in which Murayama's SDP is expected to suffer a humiliating setback.

Should Murayama decide to quit as SDP chairman and prime minister to take responsibility for the anticipated election loss, Japan's political situation will, once again, become nebulous.

Takemura, Finance Ministry Relations Viewed OW2906062095 Tokyo EKONOMISUTO in Japanese 4 Jul 95 pp 15-16

[Unattributed article]

[FBIS Translated Text] Finance Ministry bureaucrats, which so far have put up a show of close cooperation, albeit only superficially, with Finance Minister Masayoshi Takemura, are now gradually keeping their distance. This is because of their belief that Takemura will not be reappointed finance minister in the cabinet reshuffle expected after the upper house elections.

A major conflict emerged between Takemura and Finance Ministry bureaucrats at the time of the controversy over the national welfare tax (February 1994) when Takemura was chief cabinet secretary. After Takemura became finance minister, both sides stressed their cordial relations, saying "we trust each other." They were both putting up an act in the belief that the other party was useful for their purposes.

However, Takemura proved to be incompetent in coordinating with other cabinet members and with the ruling parties. There is growing discontent among senior Finance Ministry officials who complain that: "Every time something comes up, the only thing he says is: 'Do you have any good ideas?' He has neither the qualifications nor the ideals of a politician."

Nevertheless, at the least, the Finance Ministry bureaucrats have assumed an attitude of "obedience on the surface and disobedience behind the back" in the belief that Takemura is the most probable candidate for prime minister in the post-Murayama administration.

However, as the Liberal Democratic Party [LDP] regains its self-confidence, the possibility of Takemura becoming prime minister has gradually diminished. Recently, it is even said that "even in the event of a reshuffle, there is no possibility at all that Takemura will be retained [as finance minister]" (according to a senior LDP official).

In that case, the only thing to do now is to flee from the sinking boat. Relations between Takemura and Finance Ministry officials, who now take a wait-and-see attitude in anticipation of political developments after the upper house elections, are deteriorating by the day. Takemura has now become a "lame duck."

Takemura's last job as finance minister will be to formulate measures to uplift the economy and to deal with falling stock prices. However, Finance Ministry officials are expected to formulate such measures with the LDP, with which they have reconciliated after

Jiro Saito's resignation as administrative vice minister, without even consulting the finance minister.

North Korea

U.S., British Papers Cited on Nuclear Agreement SK2806150795 Pyongyang KCNA in English 1503 GMT 28 Jun 95

[FBIS Transcribed Text] Pyongyang, June 28 (KCNA) — U.S. and British papers carried articles on the Kim Yong-sam regime left in piteous conditions after the Democratic People's Republic of Korea and the United States issued a joint press statement.

WASHINGTON POST June 14 said South Korea, which is said to accept the U.S.-North Korea agreement concerning the provision of light water reactors, reminds one of a poor patient taking bitter medicine.

It quoted analysts as saying South Korea was treated as an extra this time again.

Noting that South Korea could not but see the United States, its "first ally", improving bilateral relations with North Korea, its arch enemy, the paper said the U.S.-North Korea joint press statement published in Malaysia did not mention about the delivery of "South Korean-model" reactors and only specified that KEDO (Korean Peninsula Energy Development Organization) shall select the model.

On the same day, HERALD TRIBUNE wrote that South Korea has no other choice but to accept the U.S.-North Korea agreement like a patient gulping the bitterest medicine.

Recalling that South Korean analysts voiced their dissatisfaction again at South Korea's being treated as a player on the bench, the paper said South Korea only saw with feelings of anxiety and contempt its "main ally" and its arch enemy improving bilateral relations.

FINANCIAL TIMES dated June 14, too, carried a similar article.

Paper Urges Efforts for Reunification Festival

SK2806104795 Pyongyang KCNA in English 1034 GMT 28 Jun 95

["Successful Grand Festival for National Reunification Called For" — KCNA headline]

(FBIS Transcribed Text) Pyongyang, June 28 (KCNA)

— A grand national reunification festival, an event of weighty importance in making a breakthrough this year for the reunification of the country in the 90s, should be held without fail on the 50th anniversary of Korea's

liberation from the Japanese imperialists' colonial rule, MINJU CHOSON says in a signed article today.

A successful opening of the August 15 festival will mark an excellent occasion for the unity of the nation and bring about an epochal phase in which it is possible to open the door to reunification through great national unity, the article says, and continues:

All the Koreans desirous of national reunification, therefore, should firmly get united as one under the banner of the 10-point programme of the great unity of the whole nation and make active efforts to make the festival successful.

All the Koreans in the North, the South and overseas should turn out as one in the struggle to decisively foil the criminal schemings of the partitionists to lay grave obstacles in the way of the grand national reunification festival and to get the "National Security Law" scrapped, a law that blocks national unity and reunification.

Korean Reunification Supported by Foreign Leaders

SK2906103395 Pyongyang KCNA in English 1023 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — Foreign state and party leaders recently voiced support for the Korean people's just struggle for national reunification when they met ambassadors of the Democratic People's Republic of Korea to their countries and DPRK delegations.

Yugoslav President Zoran Lilic hoped that his excellency Kim Chong-il, the supreme leader, would enjoy good health and a long life and continue leading the Korean people to victory and that the Korean people would make greater achievements in the struggle to reunify the country and safeguard the peace of the Korean peninsula.

Moldovan President Mircea Ion Snegur stressed Korea should be reunified, saying the DPRK's proposal for reunification through confederacy based on one nation, one state, two systems and two governments is the most reasonable proposal which makes it possible to reunify the country in a peaceful way.

Narayan Man Bijukche [spelling of name as received], chairman of the Nepal Worker-Peasant Party, expressed the belief that the Korean people will accomplish the socialist cause as wished and intended by respected Comrade Kim Il-song, under the wise guidance of the great leader Comrade Kim Chong-il.

"We will as ever extend support and solidarity to the Korean people in their socialist construction and the struggle for national reunification," he declared.

Harilaos Florakis [spelling of name as received], honorary chairman of the Central Committee of the Communist Party of Greece, said his party will, in the future, too, fully support the struggle of the Workers' Party of Korea for independence and express firm solidarity with the Korean people in their struggle for the country's reunification.

ROK Students Protest for Labor Movement Noted

SK2706052195 Pyongyang KCNA in English 0424 GMT 27 Jun 95

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA)

— Hundreds of students of the "National Student Special Committee for Smashing Suppression of Labour Movement" staged a street demonstration in demand of a stop to suppression of the labour movement in Seoul on June 24, according to a report.

They denounced the "government" for intensifying suppression of the labour movement with the "local autonomous system elections" near at hand and demanded an immediate stop to the suppression.

Students of Yonsei, Songkyunkwan and Sungsil Universities held a rally for frustrating suppression of labour movement at Yonsei University on the same day.

At the end of the rally, they staged a demonstration, condemning the puppet clique bent on the suppression of the labour movement with the "local autonomous system elections" drawing near.

South Koreans 'Highly Praising' Kim Chong-il

SK2906102795 Pyongyang KCNA in English 1015 GMT 29 Jun 95

["The World Moves as Intended by General Kim Chong-il" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — South Korean people are highly praising General Kim Chong-il as the sun of the nation, saying the humankind considers that the world moves as intended by him, according to Seoul-based radio Voice of National Salvation.

A university Professor Kim Chol-chin in Seoul told his colleagues that while studying the politics of the North for years, he has keenly felt that General Kim Chongil is a statesman who shapes and implements all the policies independently in the interests of the people and the nation and at his own discretion.

So In-ho, a professor of political science of Seoul National University, gave a lecture calling for worshipping the hero of the nation at the School of Independence under the Seoul District Federation of General Student Councils. In the lecture he said General Kim Chong-il is the best hero and greatest man in the world like President Kim Il-song.

A dissident Pak Chong-min said with pride:

"It is the greatest honor and fortune of our fellow countrymen that the nation is guided by the great leader General Kim Chong-il, a great master of politics and an outstanding strategist who has any formidable enemy under his thumb, playing the central role in the world politics."

A retired professor Kim Tong-hwan in Seoul told his students that it is not without reason that the whole world is lauding General Kim Chong-il as the leader of the 21st century. He called on them to invigorate the movement for national reunification to have General Kim Chong-il on the beach of Tadohae where they wanted to have President Kim Il-song.

Members of an ideological circle of Songkyunkwan University in a debate on the chuche idea said the leader Kim Chong-il, who theoretically consummated and systematized the guiding idea of the present era in a clear-cut way, is an outstanding thinker and theoretician with rare intelligence, distinguished faculties of inquiry, extraordinary thinking, insight and writing ability.

They were unanimous in stressing that it is a requirement of the time, a historical matter of course and a natural duty that the students follow the chuche idea and ardently worship the leader Kim Chong-il.

NDFSK Delegates Visit Nicaragua, Cuba, Peru

SK2906102195 Pyongyang KCNA in English 1009 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — A delegation of the National Democratic Front of South Korea [NDFSK] led by Vice-Chairman of its Central Committee [C.C.] Hong Chi-yong visited different countries in Americas including Nicaragua from May 15 to June 2, according to the radio Voice of National Salvation in Seoul.

During the visit the delegation had talks with delegations of political parties such as the Sandinist National Liberation Front of Nicaragua, the Nicaraguan Socialist Party, the Nicaraguan Communist Party, the Popular Front of Workers, Peasants and Students of Peru and the American Popular Revolutionary Alliance of Peru. At the talks they informed each other of their activities and discussed the development of their relations and international issues of common concern and had identical views on the issues discussed.

The NDFSK highly praised and expressed support and solidarity for these parties for their struggle against domination, oppression, interference and pressure from the imperialists and for national independence, social progress, independent economic development and promotion of people's welfare, and for their active efforts for victory of the people's cause of independence, the socialist cause under the banner of the historic Pyongyang Declaration reflecting the common will and desires of the world progressive people.

These parties said they paid deep attention to the NDFSK and the South Korean people undauntedly struggling for independence, democracy and reunification even in the very difficult situation.

And they expressed fully support and solidarity for this struggle mainly for independence against U.S. imperialism, highly praising it as a model of the antiimperialist, anti-U.S. and anti-fascist struggle in the world.

During its visit to Cuba, the delegation separately met and had a talk with Jesus Montane, member of the C.C., the Communist Party of Cuba and chairman of the Cuban Committee for Support to Korean's Reunification, and Risquet, member of the C.C., the Communist Party of Cuba.

The delegation was invited to the inaugural ceremony of the Pan-American Solidarity Committee for Support to the Struggle of the NDFSK and the South Korean People, which was held in the capital of Nicaragua.

Kim Chong-il Sent Letter From Managua Ceremony

SK2906104395 Pyongyang KCNA in English 1035 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA)

— The great leader Comrade Kim Chong-il received a
letter from the participants in the inaugural ceremony of
the Pan-American Solidarity Committee for Support to
the Struggle of the National Democratic Front of South
Korea (NDFSK) and the South Korean People, which
was held in Managua on May 24, 1995.

The letter says:

"We will always stand by the Korean people, who reject domination and interference from outside and fight to overthrow the 'civilian'-veiled fascist regime and live as one nation in a unified state, free and prosperous, mindful of the historical fact that peace and reunification of the Korean peninsula are directly linked with world peace and security.

"We are deeply encouraged by the great victory won in the political, economic and diplomatic struggle against the imperialists of the world under your wise leadership, Comrade Kim Chong-il. We are convinced that the behests of the great leader President Kim Il-song on the reunification of the country will be fulfilled without fail."

Pan-American Committee Supports NDFSK

SK2906053395 Pyongyang KCNA in English 0434 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — A Pan-American Solidarity Committee for Support to the Struggle of the National Democratic Front of South Korea (NDFSK) and the South Korean people was inaugurated in the capital of Nicaragua on May 24, the Seoul-based Radio Voice of National Salvation reported.

At the inaugural ceremony, Gustavo Tablada Celaya, chairman of the Nicaraguan Socialist Party and chairman of the committee of initiators of the organization of the solidarity committee, made a keynote report and Hong Chi-yong, vice-chairman of the C.C. [Central Committee], the NDFSK and head of the NDFSK delegation, a congratulatory address.

The solidarity committee is made up of 22 political parties and fronts such as the Sandinist National Liberation Front of Nicaragua, the Nicaraguan Socialist Party, the Working People's Party of Dominica, the Workers World Party of the United States, the National Front of Argentina, the Liberation Front of Puerto Rico, the American popular revolutionary alliance of Peru and the Communist Party of Canada (Marxist-Leninist), law-makers, prominent political, public and academic figures and men of the press of different countries.

Daniel Ortega Saavedra, general secretary of the Sandinist National Liberation Front of Nicaragua, was elected honorary chairman of the solidarity committee and Gustavo Tablada Celaya executive chairman of the solidarity committee.

General secretary of the C.C., the Communist Party of Peru (Red Motherland) Alberto Moreno, editor-in-chief of the Workers' World, the organ of the workers World Party of the U.S. D. Griswald and Politburo member of the Dominican Communist Party Guillermo [as received] were respectively elected first vice-chairman, vice-chairman and secretary general of the solidarity committee.

A letter to the great leader Comrade Kim Chong-il was adopted at the ceremony.

A resolution of the solidarity committee and a letter to the South Korean people were also adopted at the ceremony.

The resolution declares that the solidarity committee will maintain regular relations with the NDFSK for intensified solidarity with the struggle of the NDFSK and the South Korean people and conduct activities highly instrumental in reunification of the Korean peninsula through confederation.

The letter expresses firm belief in the final victory of the just cause of the NDFSK and the South Korean people and affirms that invariable support and firm solidarity will be extended for the NDFSK and the South Korean people in the struggle for establishment of an independent, democratic government and for national reunification.

Indian Communist Official Meets Hwang Chang-yop

SK2606082695 Pyongyang KCNA in English 0732 GMT 26 Jun 95

[FBIS Transcribed Text] Pyongyang, June 26 (KCNA)

— Secretary of the Central Committee of the Workers' Party of Korea Hwang Chang-yop had talks with member of the Political Bureau of the Central Committee of the Communist Party of India (Marxist) Sitaram Yechury here on Sunday.

At the talks they informed each other of their party activities and discussed on further consolidating and developing the traditional friendly relations between the two parties and on a series of matters of common concern.

The talks took place in a friendly atmosphere.

Meets With Yi Chong-ok 26 Jun

SK2606102195 Pyongyang KCNA in English 1007 GMT 26 Jun 95

[FBIS Transcribed Text] Pyongyang, June 26 (KCNA) — Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president, today met and had a friendly talk with Sitaram Yechury, member of the Political Bureau of the Central Committee of the Communist Party of India (Marxist) at the Mansudae Assembly Hall.

Sitaram Yechury said that the Communist Party of India (Marxist) boundlessly revered the great leader Comrade Kim Il-song and highly estimated the great exploits performed by him.

Noting that the exploits performed by Comrade Kim Il-song in his lifetime for the Korean revolution and the socialist movement of the world was a wealth for humankind, he said that he was very glad that the party and Government of Korea published the decision to preserve President Kim Il-song in the form of eternal life.

He stressed that works including "Socialism Is a Science" and "Giving Priority to Ideological Work is Essential For the Accomplishment of the Socialist Cause" published by the dear leader Comrade Kim Chong-il is of great significance in consolidating and developing socialism as a science.

Brings Gift for Kim Chong-il

SK2606101695 Pyongyang KCNA in English 1003 GMT 26 Jun 95

[FBIS Transcribed Text] Pyongyang, June 26 (KCNA)

— The great leader Comrade Kim Chong-il received a gift from the Central Committee of the Communist Party of India (Marxist).

It was conveyed to Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, by Sitaram Yechury, member of the Political Bureau of the Central Committee of the Communist Party of India (Marxist), on a visit to Korea.

Group of Korean Women in Japan Hold Meeting

SK2506091195 Pyongyang KCNA in English 0802 GMT 25 Jun 95

[FBIS Transcribed Text] Tokyo, June 23 [date as received] (KNS-KCNA) — An enlarged meeting of the fifth session of the 22nd Central Committee of the Democratic Union of Korean Women in Japan was held in Tokyo on June 22.

The meeting discussed "on actively fulfilling the decision of the enlarged meeting of the fifth session of the 16th Central Committee of the General Association of Korean residents in Japan in response to the historic letter of the great leader Marshal Kim Chong-il."

In her report at the meeting, Kim Il-son, chairperson of the union, said all the activities must be done as intended and wished by the great leader Generalissimo Kim Ilsong and that the women's union must be consolidated as a patriotic organization unfailingly loyal to General Kim Chong-il.

The meeting discussed "on convening the 23rd congress of the Democratic Union of Korean Women in Japan" as the second agenda item and adopted a decision on convening the congress in Tokyo on September 22, 1995.

A letter to Marshal Kim Chong-il was adopted at the meeting.

Committee Sends Greetings to Cambodian Party

SK2706110295 Pyongyang KCNA in English 1044 GMT 27 Jun 95

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA)

— The Central Committee of the Workers' Party of
Korea today sent a message of greetings to Chea Sim,
chairman of the Central Committee of the People's Party
of Cambodia, on the occasion of the 44th anniversary
of the party foundation.

The message notes with pleasure that the People's Party of Cambodia has achieved great success in the work for defending national interests of the Cambodian people and for building a prosperous new Cambodia with respected King Norodom Sihanouk as the leader of country and nation.

Expressing the belief that the friendly and cooperative relations between the two parties will continue to develop on good terms, the message wishes Chea Sim greater success in the noble work for strengthening and developing the People's Party of Cambodia and for the country and the people.

Secretary Choe Tae-pok Meets Syrian Delegation

SK2606213695 Pyongyang KCNA in English 1517 GMT 26 Jun 95

[FBIS Transcribed Text] Pyongyang, June 26 (KCNA) — Choe Tae-pok, alternate member of the Political Bureau and secretary of the Central Committee of the Workers' Party of Korea, today met and had a friendly talk with the visiting delegation of AL-BA'TH, the organ of the Arab Socialist Baath Party of Syria, headed by Turki Saqr, its director-general and editor-in-chief.

Present there were Choe Yang-ho, deputy editor-inchief of NODONG SINMUN, and Anwar al-Fadel, charge d'affaires ad interim of the Syrian Embassy in Pyongyang.

The head of the delegation said that they were deeply moved at the sight of the Korean people carrying out the behests of the great leader President Kim Il-song.

The Korean people who are advancing with strength and courage under the wise leadership of the dear leader Comrade Kim Chong-il will only emerge victorious, he said.

Noting that the friendly relations between the two parties, two countries and two peoples developing on good terms are attributable to the attention and care of President Hafiz al-Asad, President Kim Il-song and Comrade Kim Chong-il.

Hwang Chang-yop Meets Khabarovsk Delegation

SK2906105495 Pyongyang KCNA in English 1045 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — Secretary of the Central Committee of the Workers' Party of Korea Hwang Chang-yop today met and had a friendly conversation with the visiting delegation of the Khabarovsk Territorial Committee of the All-Union Communist Party of Bolsheviks led by First Secretary N.A. Kabakov.

The leader of the delegation said he deemed it a great honor to visit Korea, the fatherland of an outstanding leader of the international communist movement, the motherland of the chuche idea and a model country of socialism.

He expressed deep condolences on the first anniversary of the death of Comrade Kim Il-song, an outstanding leader of the international communist movement.

Always cherishing the memory of Comrade Kim Ilsong is important in successfully carrying to completion the revolutionary cause of chuche he started, he said. Socialist construction is going on successfully in Korea under the wise guidance of the great leader Comrade Kim Chong-il.

Victory and glory are in store for the Korean people guided by the great leader Comrade Kim Chong-il, he added.

Paper Observes Malagasy Independence Day

SK2606101495 Pyongyang KCNA in English 1002 GMT 26 Jun 95

[FBIS Transcribed Text] Pyongyang, June 26 (KCNA) — NODONG SINMUN today observes the 35th anniversary of the independence of Madagascar.

A signed article of the paper says that the independence of the country was a historical event which opened a wide road of freedom and building of a new life for the Madagascan people.

They have achieved great successes in the efforts to consolidate the independence and sovereignty of the country and to develop national economy and culture over the past 35 years, the article says, and goes on:

The Korean people are sincerely rejoiced over the successes made by the Madagascan people in the building of a new life and extend support to their cause.

They will continue making efforts to develop the friendly and cooperative relations with the Madagascan people.

The Korean people wish the Madagascan people greater achievements in the building of an independent and prosperous new society.

Papers Mark Mozambican Independence Anniversary

SK2506092595 Pyongyang KCNA in English 0813 GMT 25 Jun 95

["Papers Observe Anniversaries of Independence and Republic of Mozambique" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 25 (KCNA) — Papers here today observe the 20th anniversaries of the independence and the foundation of the Republic of Mozambique.

The Mozambican people have made efforts to consolidate the sovereignty of the country and national independence and create a new life over the past 20 years, a signed article of NODONG SINMUN says, and goes on:

The Mozambican people are striving to remove the aftereffects of the civil war. Various measures have been taken to restore the economy ruined in the war and to ensure the stability of life for the people.

Sometime ago, the Mozambican Defence Ministry stated that efforts will be made to complete the building of a new national Army in the near future.

Mozambique opposes imperialism and colonialism and develops friendly and cooperative relations with many countries including African nations.

The friendly and cooperative relations between the peoples of Korea and Mozambique have developed on good terms.

A signed article of MINJU CHOSON says the Korean people, believing that the bond of friendship between the two countries will further strengthen and develop, sincerely wish the Mozambican people greater achievements in their efforts for the building of a new life.

FRY President Zoran Lilic Praises Kim Il-song

SK2906121995 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 25 Jun 95

[FBIS Translated Text] On 21 June, Kim Wen-ho, our country's newly appointed ambassador extraordinary and plenipotentiary, presented credentials to Zoran Lilic, president of the Federal Republic of Yugoslavia [FRY].

In the meeting, the ambassador conveyed greetings from the great leader [yongdoja] Comrade Kim Chong-il to President Zoran Lilic. The president expressed deep gratitude for this and asked the ambassador to convey his heartfelt greetings to the great leader [yongdoja] Comrade Kim Chong-il.

The president said the respected and beloved President Kim Il-song was a great leader of the Korean people and a close friend of the Yugoslav people.

He said he hopes the Korean people will vigorously march toward the road chosen by themselves under the leadership of the supreme leader [yongdoja] His Excellency Kim Chong-il and will achieve success along this road.

He wished that the supreme leader [yongdoja] His Excellency Kim Chong-il will enjoy longevity, thus continuously leading the Korean people to victory. He also pointed out that he hopes the Korean people will achieve the country's reunification and will achieve greater accomplishments in the struggle to protect peace on the Korean peninsula.

The president stressed that the Yugoslav people support the Korean people's struggle to achieve the cause of its country's reunification and will invariably stand on the side of the Korean people.

Niger President Expresses 'Solidarity' to Envoy

SK2906121695 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 27 Jun 95

[FBIS Translated Text] On 21 June, Pak Song-il, the DPRK's new ambassador extraordinary and plenipotentiary, presented his credentials to Niger President Mahamane Ousmane. On this occasion, the ambassador conveyed the great leader Comrade Kim Chong-il's greetings to President Mahamane Ousmane.

The president deeply appreciated this and asked the ambassador to convey his sincere greetings for a long life to the great leader Comrade Kim Chong-il. On behalf of the Niger people as well as his own behalf, the president expressed deep condolences on the anniversary of the death of the great leader Comrade Kim Il-song.

He stated: Under the great leader His Excellency Kim Chong-il's tested leadership, the DPRK people are resolutely defending the country's independence without shaking. The key to the DPRK's victory in its talks with the United States and in its adhering to its principle to the end lies in upholding the great leader [yongdoja]. I extend my positive solidarity with the DPRK people's struggle to achieve the country's independent and peaceful reunification based on the

three principles of national reunification and on the hope that the relations of friendship and cooperation between the two countries will be further strengthened and developed.

Rev. Mun Ik-hwan's Widow Arrives 28 Jun

SK2906053095 Pyongyang KCNA in English 0448 GMT 29 Jun 95

["Wife of Rev. Mun Ik-hwan Here" - KCNA headline]

FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — Wife of Rev. Mun Ik-hwan, presbyter Pak Yong-kil, representative of the meeting of the 70 million fellow countrymen for greeting reunification in South Korea and co-chairperson of the council of the family movement for realizing democracy, arrived in Pyongyang on June 28 to honour the memory of the great leader President Kim Il-song on the first anniversary of his death.

She was accompanied by Chong Kyong-mo, a Korean resident in Japan.

She was met at the airport, with warm compatriotic feelings, by Yu Mi-yong, chairperson of the central guidance committee of the Korean Chondoist Association. Yo Yon-Ku, presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland, Pack In-chun, chairman of the Central Committee of the General Federation of the Unions of Literature and Art of Korea, Kim Yong-ho, vice-chairman of the Central Committee of the Korean Social Democratic Party, Paek Nam-chun, director of the secretariat of the Committee for the Peaceful Reunification of the Fatherland, Chang Chae-chol, chairman of the Korean Council of Religionists, Pak Tae-ho, chairman of the Central Committee of the Korean Buddhist Federation, Yi Chon-min, secretary general of the Central Committee of the Korean Christian Federation, and other officials concerned.

Pak Yong-kil published a statement on arrival at the airport.

She said she remembers that President Kim Il-song took close to heart Rev. Mun's long imprisonment after his visit to Pyongyang and personally sent a message of condolence when Rev. Mun passed away.

I cannot repress deep regret at the unexpected death of President Kim Il-song, she noted.

She said that she has come to Pyongyang this time with an ardent mind to share with compatriots in the North a bitter grief at the unexpected death of President Kim Il-song.

Patriot Mun Ik-hwan, who was active for the reunification of the country and social democratisation in South Korea for a long time, hailed and supported the proposal for convening the North-South political consultative meeting put forward by President Kim II-song in the New Year address for 1989, visited Pyongyang in late March that year and was received by the president, and cherished deeper patriotic faith and will for reunification.

After going back to South Korea, he did not stop struggle behind the bar but valiantly fought on the patriotic road of reunification to the last moment of his life.

He died on January 18, 1994, at the age of 76.

Trade Official on Struggle To Boost Exports

SK2906135395 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 28 Jun 95

[FBIS Translated Text] Trade officials and workers across the country have stood up to implement the party's trade-first policy in hearty response to the great leader's behest to momentously improve the people's lives by further developing the country's foreign trade and to bring about great achievements in foreign trade over the past one year by highly displaying the revolutionary spirit of self-reliance and arduous struggle.

In an interview with Chong Mun-chol, reporter for the Central Broadcasting Station, Comrade Pak Chonpok, deputy chief of the Trade Guidance Bureau for Regional Areas under the External Economic Affairs Commission, stated:

[Begin Pak recording] The great leader, who devoted himself to our people's eternal happiness and our fatherland's prosperity and development throughout his life, personally met with our trade officials many times last year and taught them ways to momentously improve the people's lives by further developing the country's foreign trade.

In hearty response to the great leader's behest, we have vigorously waged the struggle to implement the party's trade-first policy and brought about great achievements.

In particular, all officials of our bureau, including Bureau Chief Comrade Choe Kyong-won, have positively carried out trade activities with foreign countries, cooperated with provincial Trade Guidance Bureaus, and mobilized and utilized all resources for export.

The Trade Guidance Bureaus of Nampo, North and South Hamgyong Province, and Kangwon Province have set examples. Among them, the Trade Guidance Bureau of Nampo built a clothes-processing base, a fish-processing base, and other bases for earning foreign

currency, thus overfulfilling its monthly exports plans and returning much profit to the state.

Many other provincial Trade Guidance Bureaus are vigorously waging the struggle to increase exports by mobilizing raw material resources.

We will better carry out economic organizational work at offices under our bureau, and will further increase the number of export goods as well as decisively improve their quality.

We will thoroughly implement the great leader's behest and make this year, the 50th anniversary of the party's founding and the 50th anniversary of national liberation, the most meaningful year in the history of the fatherland by more vigorously waging the struggle to implement the party's trade-first policy. [end Pak recording]

Rural Communities Concentrating on Weeding Fields

SK2706215495 Pyongyang KCNA in English 1502 GMT 27 Jun 95

(FBIS Transcribed Text) Pyongyang, June 27 (KCNA) — Rural communities throughout the country, which finished rice-transplanting in time, are now concentrating efforts on weeding of paddy and non-paddy fields, resolved to have a bumper harvest this year marking the 50th founding anniversary of the Workers' Party of Korea.

According to data available, the second weeding of dry fields has been finished and the second weeding of rice fields has reached more than 80 percent as of June 24.

Farmers in South Hwanghae Province are weeding more than 15,000 hectares of paddy and non-paddy fields every day by making a rational use of labor and machines.

The third weeding of dry fields has begun and 6-8 percent of the rice-field weeding has been done a day in South and North Pyongan Provinces and Nampo Municipality.

The cooperative farms in all parts of the country are now properly doing water control on rice fields, fertilizing and other farm work in hand as required by the farming method of chuche.

Efforts To Increase Grain Production Urged

SK2806113595 Pyongyang MINJU CHOSON in Korean 31 May 95 p l

[Article: "Let Us Make Every Effort To Further Increase Grain Production"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il has taught: "When farm work is well done, various agricultural products will be produced on a large-scale and the people's eating problems will then be solved."

Out of the importance and significance of successfully carrying out farm work to promote the people's standard of living, the party has recently again stressed the need to decisively increase grain production by efficiently carrying out farm work.

With high dignity and the responsibility of being entrusted with the most important front in realizing the party's revolutionary economic strategy, functionaries and working people in the agricultural sector should vigorously carry out the struggle to increase grain production by doing this year's farm work well.

They should, above all, complete rice-transplanting and corn humus pot-transplanting at the right season, in conformity with the demand of the chuche farming method.

Agricultural guidance organs and cooperative farms should carefully map out scheduled evaluations to finish rice-transplanting and corn humus pot-transplanting in time and should reasonably carry out the organization of work by placing manpower and technical means to conform with the schedule, and thus should unfailingly carry forth daily schedules within that day.

Tilled land should be effectively utilized to the maximum.

For this, the per-pyong [one pyong equals 3.3 sq meters] yield of rice and maize must be ensured in the way that has been regulated according to the varieties of grain products, soil conditions, and biological conditions of crops, and must set up the additional planting work of rice and corn fields in time. We should plant more grain crops by using all possible means, including the discovery of waste lands and the removal of unnecessary ridges between dry fields, and, thus, increase the total amount of grain production.

By cultivating agricultural products in all paddy and nonpaddy fields that have been planted and raised as flowers, we should increase crop yields at cultivated fields and ridges. What is especially important in cultivating agricultural products is weeding non-paddy and paddy fields in time. If weeding is done in time, the effectiveness of fertilizer will be high and good conditions for cultivating agricultural products could be provided.

In rural areas, the weeding and plowing of corn fields where corn humus pots have already been transplanted should be simultaneously pushed ahead. As soon as rice-transplanting is finished, all forces should be directed toward weeding, thus preventing the growth of grasses.

By scientifically and technically carrying out the work of giving additional fertilizer and properly controlling water in rice fields, agricultural products' biological need for nutritious materials and water should be adequately fulfilled. In order to do so, the work of those who give additional fertilizer and control water should be carried out efficiently and, thus, should highly demonstrate their responsibility and ethos befitting masters.

We should also strengthen the work of assisting the rural areas.

All sectors and units should assist the rural areas materially and technically in conformity with the realistic demand of epochally increasing grain production, assuming the stance of taking responsibility of farming work.

They should not only ensure manpower's assistance to the rural areas according to the plan without fail, but should wholeheartedly help farm work, including transplanting and weeding of rice, by sending more labor reserves.

The relevant sectors should produce and send farming equipment and materials, including chemical fertilizers, tractors, and spare parts for water pumps to the rural areas in time and, thus, should not impede farm work. The electric power industry should give priority to supplying electricity to plants and complexes that produce farming equipment and material and to the rural areas that use electricity for pumping water.

Epochally increasing grain production by doing farm work well in this meaningful year, by upholding the slogans of the party Central Committee, is a glorious and fruitful task to contribute to promoting the people's standard of living by upholding the fatherly leader's behests, to further developing and enriching our fatherland, and to upholding the leadership of the great leader Comrade Kim Chong-il with increased grain production.

Every one of us should all rise up for the struggle to carry out this year's farm work by upholding the party's intentions. Thereby, we should glorify the 50th anniversary of the founding of the party with a bumper crop.

Kim Chong-il Thanks Units, Working People

Chollima District, Nampo Area

SK2506091795 Pyongyang KCNA in English 0807 GMT 25 Jun 95

FBIS Transcribed Text] Pyongyang, June 25 (KCNA)

— The great leader Comrade Kim Chong-il sent thanks to the party organisations in Chollima District, Nampo Municipality, to Kim Chong-kwon management bureau and to the Nampo general smeltery for the traditional traits of army-people unity they had displayed.

He also sent thanks to the employees and builders involved in the construction of soy factories in Hoeryong. North Hamgyong Province and in Kosong and Phyonggang, Kangwon Province.

All the production processes of the factories from the feed of raw materials to the shipment of goods are mechanized, automated and remote-controlled.

The soy factories, which have been built with local labour, technology and materials, will mass-produce soy sauce, bean paste, edible oil and other delicious and nutritious foodstuffs.

Undok, Kaepung, Panmun Counties

SK2706045295 Pyongyang KCNA in English 0417 GMT 27 Jun 95

FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to Yi Yong-yol, a political officer of the Kim Se-won Unit of the Korean People's Army, and families of officers of the unit, Kim In-pong, a political officer of the Ho Sok-kyu Unit, and families of officers of the unit for their assistance to co-op farmers and to Son Chang-yol, member of the traffic control corps of the Undok County Security Department, who got married with a disabled woman soldier.

He sent thanks also to working people and units for their devoted services for the society and the collective. Among them are Sin Sok-hui, a lecturer of the Mansudae Art Studio, to the Kaesong Municipal Committee of the Korean Democratic Women's Union (KDWU) and to officials of the Kaepung and Panmun County committees of the KDWU and of the township primary committee of the KDWU in Kaepung county.

Moranbong, Pyongyang Workers

SK2906050595 Pyongyang KCNA in English 0415 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — The great leader Comrade Kim Chong-il sent special thanks to workers of the Moranbong joint venture company who did good things for society and the collective while successfully carrying out their tasks of production.

Comrade Kim Chong-il sent thanks to factory workers in Pyongyang Pak Hui-yong and Choe Un-chol and his fiancee Son Sun-ok, workteam leader Kim Pongsu and his family, a member of a travelling art agitating team Kim Ok-song, officials and workers of the May 24 export fishery station, an instructor of the transport designing office of the Ministry of Railways Chong Pong-nok and his family and other working people, who are devoting themselves to the prosperity of their country and their fatherland.

The officials and working people who received thanks from Comrade Kim Chong-il are in high spirits to achieve greater successes in their work to carry out their own revolutionary tasks and the revolutionary economic strategy of the party to live up to the great trust and love of Comrade Kim Chong-il.

Rural Areas, Coal Mine, Farm

SK2906033095 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 28 Jun 95

[FBIS Translated Text] The great leader Comrade Kim Chong-il sent thanks to the functionaries and working people who rendered help to the difficult and hard sectors in socialist construction.

Comrade Kim Chong-il, the great leader of our party and our people, sent thanks to Pak Hui-yong, Choe Unchol and his fiancee Son Sun-ok, Kim Pong-su, head of a work team, and his family, and Kim Ok-song, member of the mobile art agitation unit, who are workers who ventured to the socialist rural area and coal mine. They used to work at plants in Pyongyang.

The great leader Comrade Kim Chong-il also sent thanks to the functionaries and employees of the 24 May export goods fishery station; Chong Pong-nok, instructor of the Transport and Design Station of the Railways Ministry, and his family; old men Yi Sok-pil and Son U-tack residing in Sinpyong-up, Sinpyong County, and Sapo 2-tong, Songnim; and the family of five brothers and sisters of Han Myong-no who have been doing their work well since they ventured to Chogyo cooperative

farm in Unchon County, their native place, in September last year, who are actively assisting socialist rural areas.

The functionaries and working people who have the great honor of receiving the great leader Comrade Kim Chong-il's thanks are filled with the enthusiasm and resolve to score greater success in the struggle to carry out their own revolutionary task and to implement the party's revolutionary economic strategy cherishing deep in their hearts the great confidence and love which was accorded to them when they only did what they ought to do. (endall) 282100 hs/lee/KHS24296.04/SL612906.01/ak 29/0330z Jun wc310 BT #1000 NNNN

Kim Chong-il's 'Famous Work' Reported Abroad

SK2906050795 Pyongyang KCNA in English 0420 GMT 29 Jun 95

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA)

— A famous work of the great leader Comrade Kim
Chong-il "Giving Priority to Ideological Work Is Essential for the Accomplishment of the Socialist Cause"
was reported in Austria, Zimbabwe and Italy.

The APA of Austria reported on June 22 that His Excellency Kim Chong-il pointed out that the working-class party must pay close attention to ideological and theoretical activities to develop the socialist ideology in step with change in the times and the progress of the revolution and construction in the work "Giving Priority to Ideological Work Is Essential for the Accomplishment of the Socialist Cause" he published on June 19.

He emphasized that in some countries which were building socialism in the past, the socialist ideology was distorted and degenerated by renegade revolutionaries who were entrenched in the leadership of the parties and states, so socialism lost its direction, went off the track and invited the return of capitalism, and that struggle must be waged against the ideological and cultural infiltration of imperialism, the news agency reported.

On the same day, radio Citta Aperta of Italy quoted His Excellency Kim Chong-il as saying in the work that the corruption of socialism begins with an ideological corruption, that if it gets hold of ideology, socialism will triumph, and if it loses ideology, socialism will go to ruin, and that giving priority to ideological work is essential for the accomplishment of the socialist cause.

This is, indeed, a clear-cut proposition of special significance, said the radio.

Radios Nos. 1, 2 and 3 of Zimbabwe reported the main contents of the work on that same day.

'Famous Work' on Ideology Quoted

SK2906054095 Pyongyang KCNA in English 0441 GMT 29 Jun 95

["Scientific Explanation of Basic Task and Contents of Ideological Work" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA)

— The great leader Comrade Kim Chong-il in his famous work "Giving Priority to Ideological Work Is Essential for the Accomplishment of the Socialist Cause" profoundly explained the basic task and contents of ideological work in socialist society.

NODONG SINMUN today says that with extraordinary ideological and theoretical wisdom and scientific penetration, Comrade Kim Chong-il in the work formulated the basic task of ideological work in socialist society and comprehensively evolved its contents.

The author of the article quotes Comrade Kim Chong-il as saying:

"The basic task of ideological work in socialist society is to dye the whole society with the socialist ideology."

The article says:

The ideological work of the working-class party, which fights for socialism, is an ideological and theoretical undertaking to develop the socialist ideology in depth to meet the requirements of the times and the developing revolution as well as an education to inculcate the socialist ideology in the popular masses.

Therefore, the basic task of ideological work in socialist society should serve to inculcate the socialist ideology in the broad masses of people and successfully dye the whole society with this ideology.

The work elaborates on the contents of ideological work to inculcate the socialist ideology in the working people: The chuche idea is the revolutionary idea, the socialist ideology, our people must acquire, and the essence of the ideological work of our party is education in the chuche idea; collectivism is the basis of socialist society and the socialist ideology is, in essence, a collectivist idea; the revolutionary traditions must be inculcated in all members of society and must be carried forward in all their purity; and class education must be intensified so that the people may be equipped with working-class consciousness, which constitutes the core of the socialist ideology.

All of the contents have been applied and their validity and vitality verified in the process of our party's leadership over the socialist cause along the road of victory without any deviation and twists and turns. The basic task and contents of ideological work in socialist society have been defined perfectly in the work thanks to the energetic ideological and theoretical activities of respected Comrade Kim Chong-il, who propounded chuche-oriented ideas and theories long ago and has led the chuche socialist cause through great revolutionary practice.

More Foreigners Visit Kim Il-song's Statue

SK2606081995 Pyongyang KCNA in English 0730 GMT 26 Jun 95

[FBIS Transcribed Text] Pyongyang, June 26 (KCNA) — Moses Musonda [name as received], newly appointed Zambian ambassador e.p. to Korea, on Sunday visited the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang, laid a floral basket before the statue and paid homage to him.

A delegation of the Yanji, Jilin Province, Committee of the Communist Party of China led by its Secretary Li Tuk Ryong [name as received] laid bouquets of flowers and made bows before the statue of President Kim Ilsong on June 24.

Kim Il-song's Work Published in Ukraine

SK2706101095 Pyongyang KCNA in English 1002 GMT 27 Jun 95

(FBIS Transcribed Text) Pyongyang, June 27 (KCNA)

— "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country", a famous work of the great leader President Kim Ilsong, was published in booklet by the Lybidi Publishing House of Kiev University in Ukraine on the first anniversary of his death.

Boiko, director of the Lybidi Publishing House, said: We publish this work with our ardent desire to share the great sorrow with the Korean people and to cherish his memory forever on the occasion of the 1st anniversary of the death of Comrade Kim Il-song, the great leader of the Korean people.

He said that this work reflects President Kim Il-song's devoted efforts to realise the greatest national desire of the Korean people for national reunification, his great plan and its reasonableness and his generous and broad political will to unite the whole nation. This is admired by us.

He expressed the belief that Korea will certainly be reunified under the wise leadership of Comrade Kim Chong-il, the reliable successor to President Kim Ilsong.

Ghana Committee for Kim Il-song Memorials Formed

SK2706045195 Pyongyang KCNA in English 0414 GMT 27 Jun 95

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA)

— The Ghanaian national preparatory committee of memorial services for the great leader President Kim Il-song on the first anniversary of his death was inaugurated.

The program of the memorial services was discussed and a resolution adopted at the inaugural meeting held in Accra on June 20.

The resolution said the days from July 1 to 20, 1995, will be set as a period of honouring the memory of President Kim Il-song in which memorial services will be held solemnly in different places and by different organizations.

It expressed the determination to deeply study and disseminate the immortal feats of the respected leader President Kim Il-song and fully support the Korean people in their struggle for national reunification to which he devoted all efforts to the end of his life.

Kim Il-song 'Immortal Revolutionary Feats' Noted

SK2906104795 Pyongyang KCNA in English 1032 GMT 29 Jun 95

["Revolutionary Feats of President Kim Il-song Widely Introduced" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA)
— It is nearly one year since the great leader President
Kim Il-song passed away.

Mass media of the Democratic People's Republic of Korea are now giving wide publicity to his immortal revolutionary feats.

NODONG SINMUN, the organ of the Central Committee of the Workers' Party of Korea, printed in its June 8 edition a picture of President Kim Il-song crossing River Amnok with a high intention to liberate the country, and an article under the title "The Great Pledge Remains Unchanged Forever." It has since carried special write-ups introducing the imperishable efforts and brilliant revolutionary feats of the president for the party, state and army building in the long period of the anti-Japanese revolutionary struggle and socialist construction.

The daily has introduced the exploits performed by him in the efforts to found and develop a party, the staff of the revolution, under the difficult political situation of the country after the liberation and establish and develop the most progressive and independent government whose masters are the workers, peasants and other masses of the people.

It has also introduced the exploits he performed in founding the Korean People's Army and strengthening and developing it to be a strong army capable of defeating any imperialist aggression forces.

MINJU CHOSON, NODONG CHONGNYON and other papers have also devoted much space to articles and pictures showing his revolutionary feats.

Radios and televisions have broadcast articles introducing the greatness of the respected leader President Kim Il-song's idea, leadership and traits and his reminiscences "With the Century", documentary films showing the history of his revolutionary activities and revolutionary movies including "The Star of Korea."

The readers, listeners and viewers have missed him sorely, recollecting with deep emotion his life greatest ever in history of the world.

President Kim Il-song was, indeed, the greatest leader in the era of independence who opened up the modern history from a new angle and glorified it with unrivalled intelligence, outstanding leadership ability and noble virtues and with profound revolutionary theories and great revolutionary practice. He was also the tender-hearted father of the people who covered the whole course of the protracted revolutionary struggle with infinite devotion to the revolutionary cause and warm love for the people.

Everything which the Korean people hold most valuable and proud is associated with his revolutionary activities. This is why the Korean people are deeply lamenting his death.

Though nearly a year has lapsed since he passed away, the Korean people, considering that their loyalty to him was not enough to repay his love, continue visiting his statues in all parts of the country to pay homage to him in deep reverence.

Mass media have said the revolutionary cause of chuche which President Kim Il-song started and guided for nearly 70 years has been steadily carried forward by the great leader Comrade Kim Chong-il and is now greeting its great heyday.

The Korean people are making redoubled efforts to complete the socialist cause and promote national reunification as hoped by the president, deeply cherishing the great glory and happiness of being blessed with the great leaders through generations. 'Deceptive Nature' of Imperialists' Freedom Noted SK2906104895 Pyongyang KCNA in English 1042 GMT 29 Jun 95

["Deceptive Nature of 'Freedom' of Ideology Chanted by Imperialists" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — NODONG SINMUN today lays bare the deceptive nature of "freedom" of ideology chanted by the imperialists.

The author of the article says:

"Freedom" of ideology chanted by the imperialists is a deceptive slogan to embellish their acts of oppressing progressive ideas in capitalist society and resorting to every means and method to propagate the bourgeois reactionary ideas.

There can be no freedom of progressive ideas in capitalist society. Because the means of propaganda such as mass media and means of education are in the hands of the reactionary ruling class. This class mercilessly suppresses such ideas as are considered to be a threat to its ruling system. On the other hand, it ensures unlimited freedom for the ideological activities to champion and propagate the bourgeois ideas which represent its class interests.

"Freedom" of ideology is also a deceptive slogan to justify the imperialists' ideological and cultural infiltration into other countries.

The imperialists resort to every means and method to infiltrate their reactionary ideas and culture into progressive countries. They infiltrate degenerate literature and art such as reactionary films, music, dance and publications under the signboard of "cultural exchange." Meanwhile, they set up "information centre," "cultural centre," radio station and other machines of propaganda in different parts of the world to propagate the reactionary ideas and culture to other countries and viciously slander progressive ideas.

When they vociferate about "superiority" of western ideas and culture, they claim that there is no border in ideas and culture. In this, they aim to create illusions about capitalism and infiltrate their reactionary ideas and culture without much difficulty.

They beautify some countries for "freedom" of ideology and "free ideological life" of everyone. Meanwhile, they obtrusively say the wind of liberalism in ideology must be blown in some other countries.

This is a crafty ruse to conceal the deceptive nature of "freedom" of ideology chanted by them and obliterate the truth and attraction of progressive ideas.

'Virtue' of Army-People Unity Stressed

SK2806141595 Pyongyang Korean Central Broadcasting Network in Korean 0950 GMT 27 Jun 95

[Unattributed talk: "On the Days of Pully Developing the Virtue of Army-People Unity"]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught that our society's lofty traditional virtue is for the Army and people to love and actively help each other.

The great leader [yongdoja] Comrade Kim Chong-il, who has been brilliantly succeeding and embodying the great leader Comrade Kim Il-song's ideology of army-people unity from the early days, became deeply interested in the army-people relations a long time ago and energetically led to fully developing the virtue of army-people unity.

The respected and beloved general gave a programmatic teaching on making the ideology of army-people unity overflow on this land and led the people through practical examples.

It was a certain day in May 1961. At that time, the respected and beloved general told students of the Kim Il-song University who were mobilized in the construction to expand the road between Wasan-tong and Yongsong in Pyongyang, that since the soldiers are carrying out the most difficult excavation work in construction, all of them must effectively help the workers to fully develop the traditional virtue of army-people unity. Thus, he elucidated in detail the essence of army-people unity, its importance, and invincible vitality.

In particular, the respected and beloved general said that army-people unity is the source of the invincible strength of the revolutionary army and a guarantee for victory. He also emphasized that the virtue of army-people unity, which was created during the anti-Japanese revolutionary struggle period under the great leader's leadership and in which its vitality was highly manifested, must be all the more highly enhanced.

He who elucidated the essence of the ideology of armypeople unity, its importance, and invincible vitality, led the people and soldiers of the People's Army to experience them in their hearts and highly manifest the virtue of army-people unity.

In December 1991, the great leader [yongdoja] Comrade Kim Chong-il was honorably elected as the supreme commander of the Korean People's Army. Since then, the virtue of army-people unity unprecedentedly blossomed fully in our country. The traditional virtue of army-people unity in our country is being beautifully developed. The Army and people take care of and value each other wholeheartedly and even unhesitatingly sacrifice their lives. This is striking the people with admiration. Right at this time, a certain day in January 1992, our supreme comrade commander said that currently army-people relations were relatively good and gave a programmatic teaching on further deepening army-people relations.

It was a certain day in early February 1992. On this day, the great leader [yongdoja] Comrade Kim Chong-il told the functionaries that currently various movements to gain the exemplary county, such as the movement to gain the exemplary law-abiding county and exemplary sports county, were being carried out socially. He also said that it would be good if the movement to gain the exemplary county of army-people unity were carried out. On a certain day in early March, after reporting on the deeds of the teachers and students of the Masan Senior Middle School in Waudo District, Nampo and soldiers of the People's Army, who are highly manifesting the virtue of army-people unity of concluding ties between our post-our school and our school-our post, he gave a teaching on widely generalizing it.

From that time on in our country, the movement to gain the exemplary county of army-people unity and the movement of our post-our school and our schoolour post were vigorously carried out as an all-masses movement.

The magnificent army-people relations that are in full bloom and highly manifested as our society's virtue today, is being all the more strengthened through the wise leadership of the respected and beloved supreme comrade commander under his warm outstretched hands.

The great leader [yongdoja] Comrade Kim Chong-il embraced faith and love for the units and workers that showed examples in army-people relations and actively put them in the forefront.

There was a certain day in February 1993 when our country was under a very tense situation. On this day, when our respected and beloved supreme comrade commander received a report through the functionaries that a student of Sunhwa University became a daughter of a disabled veteran couple, war participants, and was taking care of them, he said that our party's pride is that we have such magnificent youth and he was happier than anyone else about her deed. In the faith and love of treasuring even such a small deed that a youth manifested, and by highly putting it in the forefront, the great leader [yongdoja] Comrade Kim Chong-il's great

expectation to fully develop the virtue of army-people unity throughout the whole country was fulfilled.

All the people and soldiers who became aware of this emotional reality could not resist the warm-heartedness of the respected and beloved supreme comrade commander's endlessly wide love, faith, and great leader-ship traits, who highly assessed even such small deeds that were manifested in strengthening army-people relations and putting them in the forefront amid the busy schedule of leading our revolution.

Our people and soldiers who cannot refrain from the emotion of love of the respected and beloved supreme comrade commander, which cannot be compared with the depth of the sea and the warmth of the sun, deepened army-people emotion by helping and supporting each other.

During those days many youth and soldiers of the People's Army developed the virtue of army-people relations which inspired the era. The more they did so, the great leader [yongdoja] Comrade Kim Chongil made it so that their deeds were widely introduced and propagandized and bestowed warm love upon them by sending them thanks and gifts.

Truly, the great leader [yongdoja] Comrade Kim Chongil's immortal leadership to further strengthen armypeople relations will be continued through love and faith, and his efforts and devotion are infinite.

In our country, the great garden of army-people unity, unprecedented in the history of our country, was unfolded through the wise leadership of the great leader [yongdoja] Comrade Kim Chong-il, thus striking the people with admiration.

The beautiful deeds of army-people relations are being widely conveyed with pride at units of the People's Army, cooperative farms, and plants. Due to these deeds, many creations with new names symbolizing army-people unity including the army-people field, army-people reservoir, and army-people bridge were erected throughout our country, and the virtue of army-people unity is being manifested throughout the society. This was provided under the outstretched hands of the great leader [yongdoja] Comrade Kim Chong-il's great leadership, who is creating a new history of army-people relations.

Foreign guests and foreign press and publications even cannot refrain from admiring the appearance of single-hearted unity around the great leader [yongdoja] Comrade Kim Chong-il by the Army and people and are not sparing any praises.

Our people and soldiers of the People's Army will continue to help each other according to the respected and beloved General Kim Chong-il's ideology of army-people unity and will further fully develop the virtue of army-people unity in this land.

Taechon Power Plant Exceeds Jun Production Goal

SK2706062295 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 25 Jun 95

[FBIS Translated Text] The No. 2 power generating workshop of the Taechon Hydroelectric Power Complex has surpassed the June electricity generation plan.

The functionaries there, who are making active efforts to usher in the 50th anniversary of the founding of the party with high political enthusiasm and brilliant labor exploits, helped further increase the electricity generation at each power generator by intensifying the on-the-spot commanding system, while meticulously carrying on the organization of production based (?on a shift work basis).

Generator operators, such as Comrade Chong Man-ho, generated 1.2 times as much electricity every day — compared with the corresponding period of last year — by drastically increasing the efficiency of water mills [word indistinct], while meticulously doing their rounds to inspect the power generators.

The workers at the power generator repair workshop, too, actively contributed to the fulfillment of the monthly plan by repairing the facilities on a timely basis.

Construction of Monument to Party Founding Viewed

SK2706110095 Pyongyang KCNA in English 1042 GMT 27 Jun 95

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA)

— The construction of the monument to the party
foundation on Munsu Street here has got into a full
stride in the run-up to the 50th founding anniversary of
the Workers' Party of Korea.

The builders have done more than 70 percent of the project covering more than 250,000 square metres. In eight months or more after the beginning of the project, they have laid the round foundation 70 metres in diametre and erected the belt-shape cylindrical structure 50 metres in diametre and 50 metre-high granite towers symbolizing a worker with a hammer in his hand, a peasant with a sickle and an intellectual with a writing-brush. And they have planted many trees around the monument.

The project has entered the finishing stage with the foundation, the round belt, the main towers, three arms, hammer, sickle and writing-brush being covered with stones and auxiliary facilities being under construction.

The building of apartment houses is also progressing apace as the background of the monument.

Development of Science, Technology Stressed SK2906082495 Pyongyang MINJU CHOSON in Korean 30 May 95 p 2

[Article by Pak Son-hui: "Implementation of the Party's Economic Strategy Demands the Development of Science and Technology"]

[FBIS Translated Text] All the people throughout the country are now vigorously struggling to implement the party Central Committee's slogan on the occasion of the 50th anniversary of the founding of the Workers Party of Korea. Rapidly developing science and technology is one of the important issues in thoroughly implementing the party's revolutionary economic strategy and in achieving the prosperity and development of my country, my fatherland, while giving impetus to today's grand all-out march movement.

The great leader Comrade Kim Chong-il has indicated: "Developing science and technology is an important guarantee for rapidly developing the country's economy."

The consistent policy our party has maintained in the socialist construction is to vigorously carry out the economic construction by developing science and technology. Our party has always concentrated all efforts on developing the country's science and technology in each period and each stage of the revolution and construction by regarding the development of science and technology as the lifeline of the socialist economic construction. Thanks to the wise leadership of the party and the leader, our country's science and technology are being developed very quickly at a new stage. Also, great progress has been made in solving the scientific and technological problems to strongly lay the country's material and technological foundation, as well as enhance the people's standard of living in compliance with the socialist demands. Today our people are making ceaseless progress in the socialist economic construction and further strengthening the self-reliant foundation for the national economy. This reality proves the justice of the party's policy to develop science and technology.

We should thoroughly embody the party's policy to accelerate the economic construction by developing science and technology. This is an important demand

for successfully implementing the party's revolutionary economic strategy at present.

The party's revolutionary economic strategy is a great program to effect a new upturn in developing the economy and in enhancing the people's standard of living. The rapid development of science and technology becomes a guarantee for successfully achieving the economic strategy. The party's revolutionary economic strategy can be embodied based on the development of science and technology. Also, the rapid development of science and technology becomes an important key in successfully reaching the vast goal of the economic strategy. Today, the role of science and technology is being heightened extraordinarily in economic development. Under these situations, we cannot quickly advance the socialist economic construction without rapidly developing science and technology.

The struggle to implement the party's revolutionary economic strategy is the great struggle to make my country, my fatherland become strong and prosperous. In this grand struggle, self-reliance and fortitude become an ideological guarantee for victory, while the development of science and technology becomes a material guarantee for a victory. Only when we develop science and technology can we strongly consolidate the country's economy, as well as actually glorify the fatherly leader's grand plans forged during his lifetime by further enhancing the people's standard of living. Also, throughout the world, we can display the might of our party, which upholds the great leader Comrade Kim Chong-il as its vanguard, and the dignity of the chuche fatherland, while more highly displaying the superiority of the popular mass-centered socialism of our own style.

We should more actively make efforts to develop science and technology, remembering that only when we develop science and technology can we thoroughly implement the party's revolutionary economic strategy; can we surely carry out the pledge forged in bloody tears before the fatherly leader's bier; and can we more properly uphold the great leader Comrade Kim Chongil's ideology and leadership in a single-hearted mind of loyalty and dutifulness.

The development of science and technology becomes an important demand for thoroughly implementing the party's revolutionary economic strategy, because, first, it will enable us to satisfactorily solve the scientific and technological problems in implementing the agriculture-first policy, light-industry-first policy, and trade-first policy.

The purpose of the socialist economic construction is to make the people live much better. As socialist construc-

tion has developed, the people's material demands have been increased highly. To more satisfactorily solve the increasing problems of the people's standard of living in conformity with the socialist demands, we should pay deep attention to developing agriculture, light industry, and trade, thus concentrating forces on their development.

Our party has presented the agriculture-first policy, light-industry-first policy, and trade-first policy to more satisfactorily solve the people's food, clothing, and housing problems. The party's revolutionary economic strategy — which sets as a struggling target to effect a great upturn in enhancing the people's standard of living in the shortest period — has called upon the rapid development of science and technology. Developing science and technology becomes a guarantee for successfully solving the scientific and technological problems in implementing the agriculture-first policy, light-industry-first policy, and trade-first policy.

Only when we develop science and technology can we produce a good variety that yields rich crops in agriculture, as well as the good-quality fertilizer and agricultural chemicals necessary for the growth and maturation of agricultural products; can we carry out the agricultural work as demanded by the chuche farming method; can we successfully reach the party's target for grain production by satisfactorily solving the scientific and technological problems in highly enhancing the level of the general mechanization in agriculture; and can we constantly increase all kinds of agricultural products, such as meat, eggs, vegetables, and fruits. Also, we can produce and supply a considerable amount of good-quality consumer products that suit the people's taste by repairing and modernizing production facilities of light industrial plants and by smoothly operating all the production plants. We cannot consider the issues of strongly building the export-goods production base, of significantly increasing production of export goods, and of largely developing the processing trade apart from the development of science and technology. This being the case, developing science and technology becomes an important demand for thoroughly implementing the agriculture-first policy, light-industry-first policy, and trade-first policy.

Also, the reason the development of science and technology becomes an important demand for thoroughly implementing the party's revolutionary economic strategy is that it enables us to successfully solve the scientific and technological problems in developing the metal industry by giving priority to the coal and power industries and railway transportation. Developing the coal industry, the electric power industry, railway transportation, and the metal industry are important guarantees for hardening the material and technological ground of socialism and for strengthening the country's economic power in every way. The struggle to harden the material and technological base of the country is work to prepare the country's economic basis. Without strengthening the country's economic basis, we cannot guarantee the proper balance and rapid development of general, socialist economic construction.

Great is the economic basis our country has prepared today. The multifariously developed and modern technology-equipped base of the socialist self-reliant national economy, which our people have prepared with the revolutionary spirit of self-reliance and fortitude under the wise leadership of the party and the leader, is a valuable base that firmly guarantees the growth and prosperity of our fatherland as well as guarantees the victory of socialist economic construction.

The party's revolutionary economic strategies, based on a scientific analysis of the present status of the material and technological ground of socialism prepared in our country, require a great enhancement of the might of the existing economic basis. In order to fully enhance the existing economic basis, it is necessary to smoothly solve problems arising in the course of firmly giving priority to the primary sectors—the coal industry, the electric power industry, and railway transportation—and of continuously developing the metal industry.

The manufacturing process is the process of consuming raw material, fuel, and power. Therefore, without smoothly supplying raw material, fuel, and power needed for economic construction while solving in a timely manner scientific and technological problems arising in the course of developing the coal industry, the electric power industry, railway transportation, and the metal industry, we cannot normalize production, fully enhance the prepared economic basis, nor successfully implement the party's revolutionary economic strategies.

Only when we develop science and technology can we manufacture efficient coal-extracting facilities that suit our country's geological condition; can we introduce advanced coal-extracting methods to remarkably increase coal production; and can we increase the production capacity of power plants and operate power plants in a scientific manner, guaranteeing the operation of power facilities at full capacity so as to smoothly meet the demand of the national economy for fuel and power. We should also successfully conduct work to make railways heavy-duty and modernize railway transportation facilities so as to smoothly satisfy the ever-increasing demand

for railway transportation. Without science and technological development in the metal industry, we cannot elevate the technological and equipment level of metal production bases, nor can we smoothly meet the increasing demand of the national economy for steel products by developing the alloy steel industry using the alloying elements in our country and by actively employing updated metallurgical technologies in production. As explained above, the scientific and technological development guarantees the successful implementation of the party's revolutionary economic strategies, making it possible to prepare a perfect structure of national economic sectors by smoothly solving problems in developing the primary sectors of the national economy, in order to satisfy the increasing demand of the national economy for raw material, fuel, and power. The scientific and technological development also helps all sectors of the socialist economy-including agriculture, light industries, and trade-to effect upsurges in production.

All functionaries, scientists, and technicians should deeply be aware of the significance of the role of science and technology in implementing the party's revolutionary economic strategies, and should devote all their wisdom and enthusiasm to developing the country's science and technology. By doing so, they should repay the party's trust and expectations with great scientific and technological results and add luster to the popular, masses-oriented socialism of our own style.

Han Tok-su Light Industry University Described SK2806213695 Pyongyang KCNA in English 1511 GMT 28 Jun 95

[FBIS Transcribed Text] Pyongyang, June 28 (KCNA)

— The Pyongyang University of Light Industry was renamed Han Tok-su University of Light Industry.

Han Tok-su is chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon). He is also deputy to the Supreme People's Assembly of the Democratic People's Republic of Korea, a winner of "Order of Kim Il-song" and twice labor hero.

The university was renamed on the occasion of the 40th founding anniversary of Chongnyon (May 25, 1955.)

Founded in 1959, the university has become a centre of training technical personnel in the light industrial domain.

It teaches the students in some 250 subjects necessary for the development of the nation's light industry including textile, foodstuff and daily necessities. There are a doctoral institute and three other institutes in the university.

Thousands of students are studying at the university with a hundred and scores of persons with academic degrees and titles including 15 candidate academicians, professors and doctors.

The university has won the national contests of students for several years with its method of study popularized throughout the country and hundreds of its students becoming candidate associate doctors.

Covering 18,000 square metres, the university with the floor space of 35,000 square metres has four buildings and two dormitories.

It also has laboratories and experimental factories equipped with thousands of modern experimental and training apparatuses including 80 pieces sent by the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il as gifts.

The university has graduated as many students as more than 10,000 armed with the chuche idea and up-to-date science and technology. They are now playing a pivotal role in the development of the nation's light industry.

The university has greatly contributed to the solution of scientific and technical matters for the development of the nation's light industry such as the researches in change of corn's flavor, the textile development dependent on vinalon indigenous to Korea and other chemical fibres. The breeding of various kinds of efficacious bacteriums and the production of yeast and the production of paper based on herbaceous plants.

Candidate academician, Prof. and Dr. Sin Myong-hyon, vice-president of the university in charge of scientific education, said:

"Now all the teachers and students of our university are resolved to take a big share in the development of the country's light industry by further enhancing the quality of education and rearing a larger number of able technical personnel to repay the deep loving care of the great leader Comrade Kim Chong-il for the university renamed Han Tok-su University of Light Industry."

South Korea

'Various Forms of Loans' to DPRK Suggested SK2906042295 Seoul HANGYORE SINMUN in Korean 28 Jun 95 p 3

[Editorial: "It Should Become Rice for Reconciliation and Cooperation"]

[FBIS Translated Text] An ROK ship loaded with 2,000 tonnes of rice to be provided to North Korea has

arrived in Chongjin port. This is the first time that a South Korean ship officially enters a North Korean port escorted by a North Korean ship. Some press reports say the ship entered the port hoisting the ROK national flag, and others say it entered without hoisting our national flag.

However, it is said that when a ship enters a foreign country's port it is supposed to hoist the flag of that foreign country. People say this is a sort of courtesy. Some press reports said the ROK ship did not hoist the DPRK flag when entering the North Korean port this time because it reportedly could not get the North Korean flag in South Korea.

Of course, whether or not our ship should have hoisted the DPRK flag when entering the North Korean port may be a trivial matter. But, considering the barrier of distrust and vigilance created between the North and the South ever since their artificial division, we think that hoisting the DPRK flag on our rice ship when entering the North Korean port is a courtesy that we should have taken into account.

Anyway, today and tomorrow, too, our ships will leave Masan, Mokpo, and Kunsan ports for North Korea, loaded with 8,000 tonnes of rice. So, we ardently hope that the rice shipped to the North via the blue waves on the East Sea [Sea of Japan] will become the seed to remove the barrier of distrust and vigilance and to achieve reconciliation and cooperation between fellow countrymen.

To achieve such expectations, it is important for the North and the South authorities show more sincere efforts and patience.

Frankly speaking, the people in South Korea hardly understand the fastidious attitude of the North, the side which asks for help, rather than the attitude of the South, which provides help. The North side reportedly presented not only conditions with regard to packing rice and ways of its delivery, but also asked the South side to reduce the water content of rice one percent more. Because of these demands by the North, the signing of the working-level rice talks was reportedly postponed for one day. If this is true, we cannot remove the impression that the North side's request is too fastidious.

Such an attitude by the North side is not one that the side receiving the rice should assume; rather, it may create the danger of precluding the side providing the rice from taking an air of magnanimity. Of course, the North side should not show a servile attitude even though its food situation is now very serious. But, showing a shameless attitude is not desirable, either.

Also, we would like to stress that the South Korean authorities, too, should show a dauntless and broadminded attitude. It is extremely desirable for the South Korean authorities to dispel the existing hostile feelings toward North Korea and to find a way to actively cooperate with it. It is not desirable to show a blatant and boisterous attitude. An example of this is President Kim Yong-sam's remarks, "We will help North Korea even if we have to import foreign rice."

This does not mean that we unconditionally oppose importing foreign rice to help North Korea, but it does mean that we should be prudent in importing foreign rice to help North Korea. Our farmers demand the government increase the amount of rice to be purchased from our farmers as an effort to help North Korea, instead of importing foreign rice.

We think that a desirable way in practically helping North Korea without raising a dispute about grain supply with the relevant international organ is to provide various forms of loans to North Korea. In addition, we should avoid reckless competition with Japan in providing rice to North Korea. Even though Japan's supply of rice to North Korea becomes a stepping stone toward establishing diplomatic relations with North Korea, we have no justification to oppose this.

Sea Apex Returns After DPRK Rice Delivery

SK2906015695 Seoul YONHAP in English 0145 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP)

— The Sea Apex, the first South Korean freighter to visit North Korea since the 1950-53 Korean war, which carried a relief supply of rice to North Korea safely crossed the Military Demarcation Line on the East Sea [Sea of Japan] at 6:00 AM Thursday [2100 GMT 28 June] while returning home from the North Korean port city of Chongjin, officials from Namsung Shipping Co. which owns the ship said.

The ship, which docked in the harbor of Chongjin for 52 hours to unload the 2,000-ton rice shipment, will arrive at her home port of Pusan around 1:00 AM Friday [1600 GMT 30 June].

Having departed the South Korean port of Tonghae last Sunday, the ship docked along a pier in the harbor of Chongjin the following day and started unloading the rice. She left Chongjin at 2:00 PM Wednesday.

North Korean authorities got the ship to lower the South Korean flag and raise the North Korean flag instead when a North Korean pilot got aboard the ship, Namsung officials said.

Such an act is against traditional international practices, one company official remarked, calling on a ship visiting a foreign country to raise her national flag astern and raise the host country's flag in the center.

"It's true that we were excited at her becoming the first South Korean ship to call at a North Korean port in more than 40 years, but we were also worried about the safety of the ship and her crew," one official said.

"But we heaved a sigh of relief when we heard she had safely crossed the demarcation line this morning."

'Measures' Considered Over Sea Apex Flag Issue SK2906083295 Seoul YONHAP in English 0713 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP)

— The government will take measures against North
Korea if it is confirmed that the "Sea Apex," the South
Korean freighter which carried the first 2,000-ton batch
of rice aid to the North, was forced to fly North Korea's
national flag upon its arrival in port.

The Korea Trade Promotion Corp. (KOTRA), which is in charge of the delivery of the rice aid, is contacting its North Korean counterpart Samcholli General Corp. to find out whether the flag case was true.

The Sea Apex crew told the Namsung Shipping Co. via radio communication that on Tuesday [27 June] it was forced to fly "Ingongki (People's Republic Flag)," the North Korean national flag, at the request of North Korea.

Kim Kyong-ung, spokesman for the National Unification Board (NUB), said, "The government is ascertaining if the Sea Apex hoisted the North Korean national flag at the demand of North Korea while anchoring at Chongjin Port. If that is true, we will take measures to prevent that kind of thing from happening again."

Kim added that if it is true, then it is violation of the agreement reached during the Beijing inter-Korean rice talks in which the two sides decided not to allow the South Korean freighters to hoist any other nation's flag.

If North Korea intentionally forced the freighter to hoist the North Korean flag, the government will take strong measures including suspension of the supply of the remaining rice, NUB sources said.

The government agreed at the Beijing talks to provide 150,000 tons of rice to North Korea this year.

DPRK Apologizes Over Sea Apex Flag Incident SK2906095995 Seoul YONHAP in English 0947 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP)

— North Korea on Thursday [29 June] offered an apology over the incident in which a rice-delivering South Korean freighter, "Sea Apex," was forced to hoist the North Korean flag during its recent stay in the Chongjin Harbor, North Korea.

National Unification Board Spokesman Kim Kyong-ung said the apology was made in a cable by Samcholli General Corp. of North Korea to Korea Trade Promotion Corp. (KOTRA).

"The cable explained that the incident occurred as 'Sea Apex' reached Chongjin at a time when detailed instructions were in the process of being handed down to Chongjin Port Authorities," the spokesman said.

Under the South-North Korean working-level agreement reached in Beijing, South Korean vessels carrying rice to North Korea are supposed not to hoist the national flag of either side while anchoring at North Korean ports.

The North Korean message said that agreed-on matters would be strictly enforced in the future, with the request that "Please pass our regret over the incident on to Vice Finance-Economy Minister Yi Sok-chae."

Kim said that his government, on receiving the apology, decided not to make an issue out of the matter.

"As North Korea pledged the strict implementation of the Beijing Agreement, we believe there will be no recurrence of such incident," he said.

According to Kim, a North Korean pilot boarded "Sea Apex" soon after it reached the Chongjin Harbor and pulled down the South Korean flag and hoisted the North Korean flag. "The captain protested it but in vain," the spokesman said.

About 30 minutes before "Sea Apex" sailed out of Chonjin following the unloading of 2,000 tons of rice, a Samcholli Corp. official came to the ship to pledge there would be no recurrence of such incident in the future, Kim said.

Earlier in the day, the government, through KOTRA, flashed a protest cable to North Korea, saying that the forced use of the North Korean flag by a South Korean vessel was in violation of the Beijing working-level agreement.

Impact of Regional Rivalry on N-S Ties 'Feared' SK2906083995 Seoul YONHAP in English

0811 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP)

— Regional rivalries in politics which emerged from Tuesday's [27 June] local elections are feared to have an impact on the direction of the inter-Korean relations.

The wall of distrust between the two Koreas is still high and this requires that the South organize all political forces into a national consensus in an all-out effort to get the North to open its doors to the outside world and become a member of the international society. But the political rivalries between regions stemming from the recent elections is likely to pose an obstacle to such an effort.

The elections split the nation into three politically opposing regions — Cholla, Kyongsang and Chungchong — while giving rise to many local governments led by other parties than President Kim Yong-sam's Democratic Liberal Party (DLP). It is almost certain that the North Koreans will make use of this political situation one way or another in their own approach to national reunification.

The three rival political forces that emerged from the local elections are expected to split the nation again over major inter-Korean issues, such as the construction in the North of a new nuclear power plant, using the South's capital and technology, and the North Koreans will raise new issues which may help intensify South's political rivalry between regions.

The South's political world, split into three rival regions as a result of the local elections, will undergo restructuring and some confusion before the general elections are held next year, and the birth of many non-DLP local governments will lead to powerful friction between the central government and these local governments. Thus viewed, it will be hard for South Korea to achieve a solid national consensus for a dramatic improvement of the relationship with the North, analysts say.

The opposition, which dealt a painful blow to President Kim Yong-sam in the local elections, is expected to intervene in Kim's North Korea policy on the basis of its power over local governments.

Kim Tae-chung, who studies the unification issue at the Asia-Pacific Peace Foundation, which he founded right after his retirement from politics, as well as from the opposition Democratic Party's leadership, in the wake of his defeat in the 1992 presidential elections, has been an outspoken critic of Kim Yong-sam's North Korea policy, while calling for an appearement policy.

Kim Chong-pil, as head of the Chungchong-based newly-emerging political force, the United Liberal Democrats (ULD), after the elections, will certainly raise a conservative voice regarding inter-Korean relations. On food aid to North Korea, he said, "The government should have sought the parliament's approval of the food aid plan."

It appears that the tripolarization of the political world as a consequence of the recent elections will make it difficult for supra-partisan approaches to the unification issue, according to some analysts. In other words, the opposition's victory in the elections will increase the uncertainty of inter-Korean relations, they observe.

The call for a constitutional revision providing a parliamentary cabinet system of government to replace the present presidential system will certainly become a hot issue in post-election political circles and will thus have influence on inter-Korean relations in one way or another.

If Kim Tae-chung and Kim Chong-pil form a united anti-Kim Yong-sam front in an attempt to revise the Constitution for a cabinet system, the constitutional revision issue will pull the unification issue out of the mind of the people.

Kim Tae-chung said in April, "We can achieve national reunification with a cabinet system. West Germany achieved it with its cabinet system, didn't it?"

But President Kim Yong-sam has repeatedly stressed that there would be no constitutional revision during his term of office, and recently said the next president would come from the new and younger generation.

The president even said a cabinet system is not desirable in the present situation of national division, indicating that the nation needs strong leadership under a presidential system in view of the present shaky inter-Korean relations.

What mars the improvement of inter-Korean relations is ideological confrontation, the remains of the Cold War. In order for South Korea to remove this obstacle, it must build a strong power, both politically and economically, to get over this confrontation, and to this end, it must achieve a national consensus and harmony. But the recent local elections fueled political provincialism and split the nation into three power blocks and raised the possibility for potential distrust and confrontations between the central government and local governments.

Thus viewed, the tripolarized political world would put the central government's North Korea policy in some confusion as it must be based on strong national support in order to be effective. Senior researcher Kim Ik-sik of the Korea Local Administration Research Institute said the tripartite rivalry in politics having resulted from the recent elections is not desirable in the development of a local autonomy because it may weaken the centripetal force of politics.

"In particular, a cabinet system sharing power among political parties would increase the centrifugal force of politics to the extent of bringing about a national crisis," he warned.

Until a complete thaw of the inter-Korean tension, the nation must get over provincialism and raise a voice in unison under a strong leader in dealing with North Korea.

In order to take the initiative in tackling the unification issue, the nation must first achieve social and political harmony, overcoming the provincialism which has emerged from the recent elections, analysts say.

But researcher Pak Yong-ho of the National Unification Research Institute said the regional political rivalry will not have any significant influence on inter-Korean relations, but warned, "If this rivalry went to extremes, the government would face many difficulties in dealing with North Korea."

Inter-Korean relations have just started to improve, with North Korea agreeing to receive the South's capital and technology for its new nuclear power plant and the South's rice to alleviate its food shortage. At this juncture, the regional division of political power resulting from the local elections should be directed towards achieving the nation's paramount goal of reunification, instead of being used to achieve the political objective of taking over power.

Wife of Late Mun Ik-hwan Arrives in DPRK

SK2806122795 Seoul YONHAP in English 1222 GMT 28 Jun 95

[FBIS Transcribed Text] Seoul, June 28 (YONHAP)

— Pak Yong-kil, wife of the late pastor Mun Ikhwan, reportedly arrived in Pyongyang Wednesday via Beijing to attend a ceremony to be held on July 8 commemorating the first anniversary of the death of late North Korean President Kim Il-song.

Pak, 76, is known to have flown to Pyongyang aboard a special flight provided by North Korea in order for Pak to express her condolences for the deceased North Korean leader, according to a facsimile message delivered to the "70 million Korean people's meeting for embracing national unification" which is chaired by Mun's wife.

The fax message was sent by Pak's son, Mun Ho-kun, from Tokyo where Pak and her son stayed for several days before departing for Beijing.

Pak's son is known to have stayed in Tokyo in order to obtain the South Korean Government's ex post facto approval for his mother's visit to North Korea and he has already notified the government of her trip to the North.

Government authorities concerned are currently examining the reasons for her visit.

'Barrier' to Japanese Finance Investment Lowered SK2906064795 Seoul THE KOREA TIMES in English 29 Jun 95 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Despite years of concern over the damage the Japanese yen threatened to wreak on the Korean economy, Seoul is gradually lifting its high barrier against Japanese investors and financial institutions.

Seoul yesterday scrapped the strict reciprocity principle in the establishment of financial institutions, thus paving the way for many eligible Japanese financial institutions to launch operations here.

This is a major departure from the past practice of allowing Korean and Japanese financial institutions to open branches and liaison offices only when the same number of Korean institutions are allowed in Japan.

Following the suit of Daiwa, Nomura and Nikko, Yamaichi Securities Co. is to open a branch in Seoul soon. Nomura Research Institute is opening an office too.

The government is also allowing Japanese institutional investors to open "sub-accounts" in Korea for the convenience of individual Japanese investors. As Korea has banned Japanese institutional investors from opening sub-accounts, it has been almost impossible for Japanese investors to invest money in Korean stocks. The absence of the sub-accounts has prevented fund managers from calculating the exact capital gains on stocks and tax amounts.

Another lingering barrier that has kept Japanese money off the Korean stock market has been the absence of a double taxation avoidance pact on capital gains on stock investment. As a result, Japanese investors have had to pay capital gains tax on Seoul stocks here and later pay capital gains tax again in Japan. Korea's revision of the bilateral tax agreement with Japan has become inevitable ahead of the nation's entry

into the Organization for Economic Cooperation and Development next year.

Japanese investors have had to route their money through tax havens before investing in Seoul stocks to be exempt from capital gains tax.

At the end of last year, the net Japanese capital inflow into the Seoul stock market amounted to a mere 297 million dollars, accounting for 0.3 percent of the net global foreign capital inflow.

At a time when the Japanese yen is playing a powerful role in the global financial market and the economy, the Japanese yen was quite powerless in Korea due to the Korean government's institutional barrier against Japanese money.

The Japanese government also has its own barrier to prevent Japanese individual investors from investing in Korean stocks. The Japanese securities association has not designated the Korea Stock Exchange as one of the overseas stock markets in which investment is allowed by individual Japanese investors.

For the past three to four years, both policymakers and brokers agreed that the government should maintain an institutional device to minimize the impact of Japanese money on the Seoul stock market. But this year, the Korea Securities Dealers Association and its chairman Yon Yong-kyu have intensively lobbied the government to get it to tear down barriers against Japanese investment in the Seoul stock market.

Yon has repeatedly said that contrary to the prevailing view, Japanese investors are in fact long-term-oriented in their global portfolio investment. He said by setting up barriers against the Japanese money, the government is stripping Korean residents in Japan of the opportunity to invest in the future of their homeland.

Behind the rhetoric is an attempt to use Japanese investment to boost the sagging Seoul stock market. Although the economy grew by nearly 9.9 percent in the first quarter, the Seoul stock market is deep in the doldrums.

The government also concluded that the Seoul stock market will be more stable when Japanese investors are allowed in. The dominance of Western investors, especially U.S. and British investors in the Seoul stock market makes it susceptible to volatility.

The Korean government is also lifting the so-called import diversification program preventing the entry of Japanese products, to allow consumers here to enjoy cheap and high quality Japanese electronics and other items. The system has been pursued to curb the widening deficit in trade with Japan.

Collapse of Sampung Department Store Reported

SK2906091795 Seoul KBS-1 Radio Network in Korean 0909 GMT 29 Jun 95

[FBIS Translated Text] This is a news flash. The Sampung Department Store, situated in Socho-ku, has collapsed. It has been learned up until now that is has been partially destroyed. There is great concern because many people were in the department store. There is news that there was a gas explosion around 1730 [0830 GMT]; thus, the building was partially destroyed.

Yi Orders Emergency Operation

SK2906104095 Seoul YONHAP in English 1034 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP)

— Prime Minister Yi Hong-ku instructed emergency operations to rescue the victims feared trapped in the debris from the collapse of Sampung Department Store in southern Seoul Thursday [29 June] evening.

Yi's directions were given to Home Minister Kim Yongtae and Seoul Mayor Choe Pyong-yul upon receiving the report on the formidable accident. He is to call an emergency meeting of the ministers concerned at his office.

Seoul Mayor Choe rushed to the accident scene at 6:30 P.M. [0915 GMT].

'Hundreds' of Shoppers in Store

SK2906100195 Seoul YONHAP in English 0956 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP)

— About half of the Sampung Department Store in southern Seoul collapsed in what appeared to be a city-gas explosion Thursday [29 June] afternoon.

Eye witnesses said that as hundreds of shoppers were in the stores at the time of the disaster, it is feared there might be huge death toll.

Residents of nearby apartments said that there was a thunderous noise around 6PM [0900 GMT] and they watched outside to find half of the large department store building gone completely.

Cho Chong-ok, an employee of the nearby Legal Officials Training Institute, said she saw the five-story building collapsing one story after another.

About one thousand excited citizens thronged to the scene and tens of fire engines and ambulances were rescuing people believed to have been trapped in the debris.

Building Defects Suspected

SK2906141795 Seoul YONHAP in English 1412 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, July 29 (YONHAP)

— Police investigating the collapse of the Sampung
Department Store believe that defects in the building
structure caused the collapse of the ceiling of some
restaurants on the fifth floor of the department store,
which then triggered a gas explosion, according to
police sources Thursday [29 June] evening.

The five-story Sampung Department Store building had 556 shops and 681 employees on 2,200 pyong (one pyong equals 3.3 square meters) of floor space.

The reinforced concrete building was constructed on 4,665 pyong of land in 1989.

Danger of Further Collapse Noted

SK2906112995 Seoul YONHAP in English 1126 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — Police and military rescue teams were working at the scene of the collapse of the Sampung Department Store Thursday evening, but rescue efforts were proceeding slowly due to fears of a further collapse.

Some rescue workers had to withdraw from the scene at around 7:10 PM [1015 GMT] as debris fell and flames shot up around them.

Hundreds of cars parked at the store's spacious parking lot were damaged as they were struck by flying debris.

Shopping bags and other items believed to have belonged to shoppers, along with countless goods, were scattered in the area in and around the department stores.

Mayor: 'No Signs' of Explosion

SK2906142495 Seoul YONHAP in English 1418 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — Seoul Mayor Choe Pyong-yul said Thursday [29 June] that there was no signs of an explosion in the tragic collapse of the Sampung Department Store, judging from the results of an initial investigation into the cause of the accident.

Meeting the press at the accident site, Choe said that a total of 1,624 emergency rescue workers, including policemen and firefighters, are working to rescue victims from the rubble of the five-story building that collapsed into its basement.

He said that some 175 emergency vehicles have been mobilized to rescue as many people as possible, most of

whom are believed to be trapped in the four basements of the department store.

Gas Valves Closed Before Collapse

SK2906114295 Seoul YONHAP in English 1137 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP)

— A safety supervisor at the Sampung Department Store found problems in the building structure Thursday morning and closed the gas valves, the safety inspection team of the International Trade and Industry Ministry said Thursday.

A department store employee reported cracks on a wall in the building to his supervisor, and a safety supervisor closed the main gas valve in the morning, according to the team.

Therefore, when members of Korea Gas Corp. arrived at the scene shortly after the accident, the valves were found closed, the Korea Gas Corp. said.

The safety inspection team, based on eyewitness accounts, speculated that the department store building began to show cracks as early as 8:00 AM [2300 GMT 28 June] Thursday.

At the time of the accident, about 6:00 P.M. [0900 GMT], the fifth floor collapsed, causing lower floors to collapse one after another, the safety check team members inferred.

19 Found Dead, Over 600 Injured

SK2906132795 Seoul YONHAP in English 1321 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — Nineteen people were found dead and more than 600 others injured as of 10:00 PM Thursday [1300 GMT 29 June] in the collapse of the Sampung Department Store in Socho-ku, southern Seoul, which happened at around 6:00 P.M.

Eyewitnesses said that hundreds of shoppers and department store employees were in the building when a 100-meter long section of the five-story building completely collapsed.

Rescue work is underway. Rescued survivors said that hundreds of people remain trapped under the debris of the building, which also had four basement floors.

The exact cause of the collapse has not been determined yet, but eyewitnesses are saying that signs of cracks in the walls and distortions in the fifth floor were already found Thursday morning.

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A government official said that if the collapse had been caused by a gas explosion, then flames should have erupted.

"As there have not been such signs, it is not likely that the disaster was caused by a gas explosion," he said.

The Korea Gas Corp. and a central safety inspection team reported that department store staff members already found a split in the fifth floor. But the department store did not take any precautionary safety measures.

But a safety supervisor of the Sampung Department Store found problems in the building structure Thursday morning and closed the gas valves, the safety inspection team said.

Therefore, when staff of the Korea Gas Corp. arrived at the scene shortly after the accident, the valves were found closed, the Korea Gas Corp. said.

The prosecution began to investigate the cause of the disaster, focusing on the possibility that the building may have been insufficiently designed and constructed from the start. The building was completed in 1990.

The safety inspection team, worrying that the nearby Samho Garden Apartment buildings may also collapse due to the shock of collapse of the department store, urgently evacuated its residents.

Kim So-chong, the owner of a restaurant on the fifth floor of the department store, said at 9:30 A.M., he already found the floor of his restaurant strangely swollen about one meter high and the ceiling was caving in a little. Kim said that the owner and a facility director of the department store merely stood by, and did not evacuate people in the building. He said he managed to save himself by running down an emergency exit stairwell.

The scene of the disaster looked as if it had been bombed, and several dead bodies and some survivors have been found by the rescue party.

Seoul Mayor Inaugural Postponed 'Indefinitely' SK2906134195 Seoul YONHAP in English 1323 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — Cho Sun, the Seoul mayor-elect, announced Thursday [29 June] that he will postpone his inaugural ceremony indefinitely in order to concentrate on the disaster of the collapse of the Sampung Department Store.

Cho will officially take office as the city's mayor beginning July 1, without holding his inaugural ceremony.

Votes for Mayoral, Gubernatorial Posts Summarized

SK2706230695 Seoul YONHAP in English 2102 GMT 27 Jun 95

[FBIS Transcribed Text] Seoul, June 28 (YONHAP)

— The following is a table summary for the current votes tallied in the elections for large-area mayoral and gubernatorial posts. Figures are based on a YONHAP Television News (YTN) report at 5:45 AM [2045 GMT 27 June] Wednesday.

Mayoral elections [DLP, Democratic Liberal Party: DP, Democratic Party, ULD, United Liberal Democrats] Seoul Chong Won-sik Cho Sun Pak Chan-chong (DP) (DLP) (Ind.) 348,594 701,289 571,389 Pusan Mun Chong-su No Mu-hyon (DP) (DLP) 273,775 197,082 Tacgu Yi Ui-ik Mun Hui-kap (ULD) (Ind.)

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[DLP, Democratic Liberal Party: DP, Democratic Party, ULD, United Liberal Democrats]			
132,759	217,179		
Inchon			
Choe Ki-son	Sin Yong-sok		
(DLP)	(DP)		
145,285	104,430		
Kwangju			
Kim Tong-hwan	Song Chong-on		
(DLP)	(DP)		
19,944	176,629		
Taejon			
Yom Hong-chol	Hong Sun-ki		
(DLP)	(ULD)		
56,094	168,537		

Gubernatorial races:			
Kyonggi			
Yi In-che	Chang Kyong-u		
(DLP)	(DP)		
672,984	458,722		
Kangwon			
Yi Sang-yong	Choe Kak-kyu		
(DLP)	(ULD)		
164,213	314,479		
N. Chungchong			
Yi Yong-hui	Chu Pyong-tok		
(DP)	(ULD)		
128,521	183,439		
S. Chungchong			
Pak Chung-pae	Sim Tae-pyong		
(DLP)	(Uld)		
65,137	216,336		
N. Cholla			
Kang Hyon-uk	Yu Chong-kun		
(DLP)	(DP)		
111,437	221,189		

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Kyonggi		
S. Cholla		
Chon Sok-hong	Ho Kyong-man	
(DLP)	(DP)	
236,627	660,281	
N. Kyongsang		
Yi Ui-kun	Yi Pan-sok	
(DLP)	(Ind.)	
414,274	376,117	
S. Kyongsang		
Kim Hyok-kyu	Kim Yong-kyun	
(DLP)	(ULD)	
447,772	241,552	
Cheju		
U Kun-min	Sin Ku-pom	
(DLP)	(Ind.)	
20,104	26,250	

Article Features 'New Faces' in Recent Elections SK2906041595 Seoul THE KOREA TIMES in English 29 Jun 95 p 3

[FBIS Transcribed Text] Among the 5,758 persons elected local administration chiefs and councilors in the local elections, there are many unexpected victors, new faces and non-political figures, now the talk of the town.

With many new faces elected to local governments and councils, the local autonomy system, revived after a 34 year hiatus, is expected to better reflect the diversity of citizens' demands.

Among the unexpected winners of Seoul city councilor seats is Yi Chi-mun, 27, an Army first lieutenant retiree, who divulged a sensational absentee vote rigging at military units in the National Assembly elections in 1992.

After being forcibly discharged for his whistleblowing by the then ruling party, Yi has served as leading member of progressive civic groups.

His Army rank was restored by a Supreme Court ruling last February which duly recognized his courageous act.

Upon being informed of his election as an opposition candidate, Yi disclosed one of his plans as councilor for a campaign to add fluoride to Seoul's tap water after joining the citizens welfare panel of the city council.

In Kwangmyong city, Kyonggi-to, the nation's only female mayor was reelected. Chon Chae-hui, 46, succeeded in retaining her office by beating Kim Tae-su of the Democratic Party by a margin of some 4,000 votes.

Viewed as Korea's "Ms. Thatcher," Chon has served as Kwangmyong mayor since last March. She began her career as a public servant at the Labor Ministry in 1973.

In a meeting with the press yesterday, she said that the greatest fruit of her mayorship race was that she came to know details of middle and lower class lives during the campaigning.

No Sung-hwan, 68, a five-term ex-lawmaker who served as vice speaker of the National Assembly, was elected chief of Mapo-ku ward office in Seoul, becoming the oldest ward chief.

An undisputed "Mapo native," No started his political career as a Seoul city councilor from Singongdok-tong in 1951 in the Mapo-ku district.

During the decades of his career as lawmaker, he set a Guinness Book record by officiating about 14,000 wedding ceremonies.

He told a press conference that he will dedicate the rest of his life to being a "servant for 450,000 Mapo-ku

residents," adding that he regrets his poor service to his Mapo-ku voters due to his once busy life as a lawmaker.

Ulsan city, where Hyundai workers constitute the absolute majority of voters, proved itself a "mecca of the labor movement" with four former unionists being elected as city councilors.

Chin Han-kol, 41, a former leading member of the Hyundai Motor union, won victory over another candidate Kim Tong-ha, fielded by the current union leadership of the union.

Former Songnam mayor O Song-su, 60, made a surprising comeback to office by beating ruling and opposition party candidates as an independent in the suburban city of Seoul.

By being elected in a direct vote, O, once called a "Korean Chamlong," regained his image as a clean-handed official, after being relieved of his post, due to controversies over his wealth.

Kim Ul-tong, a TV personality and daughter of the "legendary" independence fighter Kim Chwa-chin accomplished her dream of becoming a Seoul city councilor on her second try.

She scored a landslide victory in a Tongdaemun district by winning twice as many votes her runner-up did, redeeming her narrow loss by 190 votes in the 1991 elections.

Kim Yong-sam Urges Regional Rivalry Elimination SK2906084895 Seoul YONHAP in English 0841 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — President Kim Yong-sam on Thursday [29 June] called for the elimination of regional rivalries as a means of reforming the nation's politics.

In a special statement marking the conclusion of the local elections, the chief executive said, "Our most pressing task is to basically reform our politics by eliminating regional rivalries."

If the country is to overcome politics which are tainted by regional animosity, Kim said, there is no way but to realize a generational shift, which he claimed is a national consensus.

"I'll exert every effort to see that the next president is a politician from the new generation, in compliance with popular demand," Kim pledged, adding, "This is a reasonable course of history, I think."

Pointing out that the world's fierce environment of limitless competition requires the country to be united as one, stating, "old-fashioned politics divides the nation into regions, giving rise to regional confrontation cannot be tolerated." To achieve national reunification, the country should first overcome such old-fashioned politics, Kim stressed.

The local elections were designed to elect people who will be tasked with ensuring better hometown living, the head of state noted and said, "Nevertheless, we've witnessed in the course of the local elections that the local autonomous system was contaminated and damaged by central politics."

"To our further lamentation, some politicians fanned regional sentiments to seek their own political ends," Kim said.

President Kim said "What we have to do now is successfully establish the local autonomous system."

"To this end," he continued, "what is most important is that close cooperation between the central government and local autonomous governments be realized."

Emphasizing that he, as the president, will exert his best efforts to ensure harmony and cooperation between the central and local governments and for the balanced development of each region, Kim pledged that he will faithfully implement the wishes of the people by humbly accepting their intention as displayed through the just-ended local elections.

"I feel a great deal of pride about the revival of the local autonomous system during my term of office," said Kim. "We also made great progress in reforming the election climate."

He asserted that past practices of governmentmanipulated races and elections involving bribes and kickbacks have vanished as the ruling party has strictly adhered to election laws.

"But the chronic diseases of buy-offs, character assassination and double-dealing have not completely disappeared," he stressed, saying any per on who violated election laws, regardless of his rank or political affiliation, will be punished under the stern judgment of the law.

Kim added "I will never allow illegal or corrupt elections to set foot on this soil."

Localities, Central Government Relations Viewed SK2906050695 Seoul THE KOREA HERALD in English 29 Jun 95 pp 8, 10

[By staff reporter Choe Song-chin: "Financial Pinch May Prevent Local Gov't Chiefs From Getting Free Reins"]

[FBIS Transcribed Text] President Kim Yong-sam used to say that local elections are for picking up regional workers. No more, no less.

It is not certain whether the President's political belittling of the historic event was behind the disastrous defeat of his Democratic Liberal Party in the polls or Kim might have wanted to take some precautionary steps for the eventual outcome.

One certain thing, however, is that the newly-elected local government chiefs would be no more than the executors of the central government's policies under their present financial situations.

Out of Korea's total budget of 117 trillion won this year, local expenses account for only 42 trillion won, with the other 75 trillion won going to state accounts. Even 25 percent of these local budgets depend on grants from the central government. As many as one fourth of the 236 cities, wards and counties cannot meet their own payrolls.

The average fiscal self-sufficiency ratio of regional administrations, albeit varying somewhat among different research institutions, does not much exceed the 60 percent level.

Local government officials trace this dismal fiscal situation to the long tradition of centrally-controlled economy, which has left them little room or means for financial self-support.

For instance, they say, the tax law stipulates that the consumption and income taxes that are linked to everyday economic activities of the people are regarded as national taxes, while setting aside property tax, which has much less tax base and a slower growth tempo, as local tax.

Despite the poor revenue base of local governments, their expenses are expected to surge sharply if their "elected officials" are to meet the ever rising welfare demands from their electorates.

Even more serious than the overall fiscal weakness of local governments is the drastic gap between financially strong and weak local governments, which analysts here say may cause extreme economic disparities among regions.

According to a survey of the Samsung Research Institute, Seoul heads the regional fiscal self-reliance ratio with 85.8 percent, while that of South Cholla Province, the last of the 15 local administrations, was only 28.5 percent.

The per capita gross regional product of South Kyongsang Province, the bastion of Korea's heavy industry, 7.89 million won, almost doubled the 4.18 million won for Taegu, the declining mecca of the textile industry. GRP measures the total output of goods and services produced within a region.

These economic imbalances among regions will be all the more harmful for the local autonomy to take firm root by leading to excessive regional egotism and antagonism if left unchecked, the experts said.

Most analysts agree that the central government holds the key to early economic self-reliance of the newlyborn local governments.

The central government itself is not exactly sitting idle, either. It is considering, for one thing, handing over part of the taxation rights to local governments, such as tourism and advertising tax. It is also contemplating tax bases for land and building to market price levels.

Another plan is to let local administrations collect levies from a list of 1,000 public services now provided free, and increasing water charges to a realistic level.

A Home Ministry plan also calls for providing funds raised by the massive issuance of provincial bonds, and letting promising province-based corporations issue more bonds.

A more effective and lasting solution, however, should be found in fundamental revamping of the fiscal system between central and local governments, say the analysts.

For example, they said, the central government needs to drastically raise the portion of local tax to be handed over to regional administrations. "Considering that the purpose of local autonomy is to reinvigorate the regional economies and pursue balanced development among them, a sharp increase of local tax is the first and foremost thing to do," said an analyst.

Another stumbling block to regional development is the concentration of administrative power within the central government.

Take the case of the regional development plan: currently, municipal and smaller administrations can make their own development plans but the central government has the rights to finally determine or change the original plans. It also usually takes more than a year for the local officials to get approval for their development plans from the central officials.

Only when the central government is ready to transfer much of its financial and administrative rights to their smaller partners, can the genuine local autonomy grow, they said.

Still, it will be the regional governments and residents themselves who bear the final responsibility for their own development, the experts note.

A Finance and Economic Ministry official said, "Local autonomy accompanies not only rights to govern themselves but also obligations to effectively do it."

The regional residents will have to shoulder the expenses for self-rule and make more contributions and donations to raise their low fiscal self-sufficiency ratio, he said.

Already, some local governments have set out toward this direction by attracting more businesses, developing overseas markets and expanding their own revenue sources.

Dailies View Prospects of Political Circles SK2906115795

[FBIS Editorial Report] The following is a compilation of articles and editorials carried in Seoul vernacular newspapers on 29 June pertaining to the prospects of political circles, and the moves of each political party and key party officials, following the 27 June local elections in which the ruling party suffered defeat and opposition parties won an overwhelming victory.

The conservative CHOSON ILBO publishes on page 3 a 2,000-word editorial entitled "After the Defeat of the Democratic Liberal Party." Regretting that the recent local elections were a struggle of the three Kims [Kim Yong-sam, Kim Tae-chung, and Kim Chongpil] to secure political power based on regionalism, the editorial defines the new three Kims' regional system as being restored. Pointing to a possibility of the forces of Kim Tae-chung, Kim Chong- pil, and independents attempting to isolate the ruling sphere by encircling it and pressing hard, the editorial predicts that reorganization of political circles will be expedited based on the revision of the Constitution favoring a cabinet system. Presenting both positive and negative views on the result of the elections, the editorial states: "The people are concerned with how discrimination and discord between central and local governments can be adjusted and coordinated." Moreover, if each political faction attempts to link the local administration with the struggle to seize the next political regime, serious

disorders will be touched off. The editorial calls on political leaders in the central sphere not to regard the local administration as their "colony" or "subordinate organization," and to put an end to regional animosities and the endless struggle by the three Kims for political power. Paying attention to President Kim Yong-sam's ability to cope with this situation, the editorial urges ruling circles to stop being "shocked" by their defeat in the elections and resume their work and duties as normal.

The moderate CHUNGANG ILBO carries on page 5 a 2,300-word editorial under the headline "Let Us Open the Era of Living Together Harmoniously." Pointing to the possibility of "backwardness" and "confusion" as a result of the 27 June local elections, the editorial writes that the elections resulted in "a situation that lacks stabilized political forces that can lead political activities." The editorial stresses the "administration of local selfgoverning bodies should be conducted systematically in accordance with pertinent laws and regulations" instead of attempting to implement it from "the standpoint of an opposition party," even if their leaders are from opposition parties. The editorial warns that local organizations should not be involved in the "political struggle" at the directive of the central party, nor should they be involved in "collective egoism." Calling on the ruling forces to admit "their own incompetency and errors" as factors causing their defeat in the elections, the editorial emphasizes that both ruling and opposition circles should direct efforts to remove "the discord and disorder seen in the early stage of the era of local governments," replacing them with the sound sense of reason.

The moderate TONG-A ILBO publishes on page 1 and 2 a 1,700-word article by reporters Yi Yon-hong, Kim Hyon-chong, and Pak Sung-hui. Predicting that with the result of the 27 June elections the reorganization of the political sphere will be accelerated, the article notes that "with the defeat of the DLP in the elections, President Kim Yong-sam has to work out measures for leading the latter part of his term in office in a stable manner," while the DP and ULD will attempt to secure political leadership based on their victories in the elections. The article pays attention to the possibility of a Kim Tae-chung-Kim Chong-pil alliance for a cabinet system against President Kim Yong-sam's idea for a generational shift and a presidential system. The article states that the ruling DLP is opposed to an immediate reorganization of the political sphere, attempting to minimize the effects of its defeat in the elections. The article notes the DLP is likely to withhold reshuffling its key posts for the time being to avoid the wavering of the party as a result of the election, attempting to positively propagandize that "the recent

local elections were seriously damaged by the regional hegemonism of Kim Tae-chung and Kim Chong-pil." Predicting the DP will strive to grasp the leadership of political circles based on the result of the elections, the article says the DP will likely demand opening an extraordinary session of the National Assembly in July to question "the government's involvement in unjust election campaigning."

TONG-A ILBO carries on page 2 a 3,000-word article by reporter Kim Tong-chol entitled "'The Shaking Power Relationship' Among Key Officials of the Ruling and Opposition Parties." Noting "delicate waves" were caused inside the ruling sphere with their defeat in the local elections, the article predicts that changes will take place in the positions of core DLP officials, although President Kim stated he will not change the party's leadership system and noted that Kim Tok-yong, the DLP secretary general who was in charge of local election affairs, will likely suffer "the hardest blow," his leadership within the party being drastically weakened. Meanwhile, Kim Yun-hwan, minister of political affairs, and Yi Han-tong, vice speaker of the Assembly, both practical power holders in the Minjong faction within the DLP, achieved greater success in the elections than anticipated and contributed to preventing anti-DLP sentiments in the Kyongsang Provinces. However, how the leadership of the ruling party will change in the future is yet to be seen.

The article also notes that with the results in the current local elections, great changes will take place in the positions of key DP officials, and that people's attention is focused on whether present party president Yi Ki-taek will continue to hold the leadership following the defeat of candidate Chang Kyong-u for Kyonggi Provincial governorship, who was strongly backed by Yi Ki-taek. In the event Yi Ki-taek resigns the party presidency, Yi Chong-chan and Chong Tae-chol, advisers to the party, appear to be strong candidates for replacing Yi Ki-taek since they greatly contributed to winning in Seoul mayoral elections and since they enjoy the great trust of Kim Tae-chung. Besides, moves by Kim Won-ki and Yi Pu-yong, vice presidents of the party, receive the people's attention.

TONG-A ILBO also publishes on page 3 a 1,200-word editorial entitled "Significance of Choice in '27 June Election'." Summarizing the current local elections as the defeat of the ruling party and government, and as the emergence of regional hegemonism dividing the nation into the spheres of the three Kims, the editorial notes that whether or not one likes them, the election results work as an "intermediate evaluation" of the incumbent government; it also stresses a review of whether the emergence of the new regional hegemonism

is desirous for the nation's political future. Pointing to "inevitable and serious confusion in central politics," the editorial stresses that our politics are entering "an era of uncertainty," noting this means the "backwardness" of our politics. However, the editorial urges ruling circles to piously accept the popular sentiment, reflected in the election results, that requests the government implement better politics; it also calls on the opposition not to be fascinated by its victory, won as a result of the failure of the incumbent government, but to concentrate instead on the "good politics" of the opposition parties.

The moderate HANGUK ILBO carries on page 3 a 1,200-word editorial under the headline "The Worrisome New Era of the Three Kims." Expressing concern with the deepening of the nation-ruining regional hegemonism that emerged as a result of the current local elections, the editorial notes the defeat of the ruling circle resulted from the "easy-going steps" taken by the government and ruling party and from the expulsion of Kim Chong-pil from the chairmanship of the ruling party. The editorial emphasizes that the structure of the three Kims will make it impossible to attain a generational shift and overthrow regional hegemonism, to which the people ardently aspire. The editorial urges the ruling party to deeply reflect on itself and the government in order to correctly grasp the trend of public sentiment in implementing national affairs.

The moderate daily KYONGHYANG SINMUN publishes on page 3 a 1,000-word editorial entitled "How Should We Overcome Regional Animosities?" Expressing serious concern with the emergence of the three new regional hegemonisms, and with the possibility of this trend being linked to the 15th general elections only nine months away, the editorial notes this is a product of the sense of alienation in certain areas where the people decided to express themselves through the elections. The editorial urges people to prevent reering this sense of alienation in the direction of confrontation and rejection, and steer it instead toward harmony and mutual respect.

The government-supported daily SEOUL SINMUN publishes on page 1 a 2,000-word editorial entitled "Be a Vanguard in Eliminating Regional Rivalries." Lamenting the emergence of regional hegemonism as shown in the result of the elections, the editorial stresses it is the urgent mission of all people to overthrow regional rivalries displayed in every election in the past, including the recent one. It writes that "the result of the current elections goes against time," and that the elections showed that individual capabilities and ideal policies were ignored in electing able workers because of regional sentiments. The editorial urges newly-elected heads of local governments to "closely

cooperate with the central government" and take the lead in eliminating regional rivalries, which hinder the nation's development, while attempting to evade relying on the government.

The left-leaning HANGYORE SINMUN carries on page 3 a 2,300-word editorial entitled "Tasks Left by Local Elections." The editorial characterizes the recent local elections as consolidating chronic regional rivalries and expanding the nationwide anti-DLP sentiment, writing that the result reflected the people's disappointment with the two-and-a-half-year-long rule of the Kim Yong-sam government, and that the result will have a great impact on forthcoming presidential and general elections. The editorial notes that regional rivalries were shown "more undisguisedly and publicly during the current local elections" as were the people's disappointment with the government's failure to reform policies and its lack of state crisis management capabilities. The editorial urges the ruling party and government "to frankly admit that the defeat in the local elections means President Kim Yong-sam's political defeat," and to accept the result of the Seoul mayoral election as "a stern warning" against the ruling sphere. The editorial concludes by calling on each political party to constantly criticize the regionalism pursued by each successive government, and to coolly analyze its own policy so as to prevent it from pursuing regionalism.

Prosecution Urged To Stop 'Threatening' Official SK2806084095 Seoul YONHAP in English 0818 GMT 28 Jun 95

[FBIS Transcribed Text] Seoul, June 28 (YONHAP)

— The opposition Democratic Party called on the prosecution to stop "threatening" to prosecute its vice president, Rep. Kwon No-kap, regarding the controversy around the allegedly forged Foreign Ministry document, arguing, "all (Kwon) did was make public the document handed to him from Choe Sung-chin (attache at the embassy in New Zealand)."

Deputy spokesman Sol Hun warned in a statement that the prosecution's tough talk and threats to bring criminal charges against Kwon won't be forgiven by the people if they are continuously kept up.

Sol said, "The foreign minister made it look like Kwon had forged the document in question, and therefore, it is the foreign minister who slandered Kwon, not Kwon slandering the foreign minister." The prosecution's contemplated moves to bring charges of election law violation against Kwon are ill-conceived, the deputy spokesman said.

Choe Sung-chin Reportedly Hiding in New Zealand SK2806073495 Seoul YONHAP in English 0712 GMT 28 Jun 95

[FBIS Transcribed Text] Seoul, June 28 (YONHAP) — Administrative attache Choe Sung-chin at the Korean Embassy in New Zealand, who was relieved of his post for leaking a forged confidential document, is hiding in New Zealand Wednesday with sheets of a travel certificate form that can substitute for a passport.

Foreign Ministry spokesman Yu Kwang-sok said Wednesday, "Choe left the embassy Monday and took with him 10 sheets of a travel certificate form that may be used for replacing a passport. Our embassy in Wellington has informed the New Zealand authorities and all overseas missions in New Zealand of this fact. Therefore, even if he attempts to flee to a third country, he will not be able to sneak out of an airport."

The loss of the travel certificate form was discovered Wednesday morning, according to the spokesman. Until his dismissal Monday, Choe handled communications and consular affairs at the embassy.

The Seoul District Prosecution, meanwhile, interrogated Choe's wife, a certain O, 40, who is suspected of having delivered to Rep. Kwon No-kap, a vice president of the main opposition Democratic Party, Choe's letter in question, along with the allegedly forged confidential document.

Rep. Kwon, having received the document from Choe, leaked it to a monthly news magazine, sparking a controversy as it suggested that the Foreign Ministry was collecting information on local autonomy with the intent to put off the June 27 local elections.

The prosecution is to question Rep. Kwon Thursday, who conveyed his intent to respond to the summons. Kwon has been sued by the Foreign Ministry for libel along with former opposition leader Kim Tae-chung.

Kim Tae-chung, Kwon Booked on Libel Charges SK2906092095 Seoul YONHAP in English 0912 GMT 29 Jun 95

[FBIS Transcribed Text] Seoul, June 29 (YONHAP) — The prosecution, now investigating the alleged forgery of a Foreign Ministry document, booked Thursday [29 June] Rep. Kwon No-kap of the main opposition Democratic Party (DP) and Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, on criminal charges that they defamed members of the Foreign Ministry staff in connection with the forgery case, the Seoul District Prosecutor's Office said.

Rep. Kwon, on his part, took a counteraction, suing Foreign Minister Kong No-myong for libel.

The prosecution said that Rep. Kwon's allegation that the Foreign Ministry tried to cover up its instruction given to overseas missions to collect information useful for getting local elections delayed proved to be false as a result of the prosecution's investigation.

Testifying before prosecutors Thursday, Rep. Kwon denied strongly that he had known of the falseness of the document in question before he handed it over to a monthly.

The prosecution reserved a decision as to the extent the judicial action to be taken against Rep. Kwon in view that an earnest investigation is yet to be made of the central figure of the case, Administrative Attache Choe Sung-chin at the embassy in New Zealand.

The prosecution is poised to question Chairman Kim after completing legal procedures against Rep. Kwon.

Burma

Mon Guerrillas Set To Sign Cease-Fire Pact BK2706154395 Bangkok BANGKOK POST in English 27 Jun 95 p 10

[FBIS Transcribed Text] Burma's ethnic minority Mon guerrilla group, which has been fighting for greater autonomy since 1949, is set to sign a ceasefire with Burma's military government, a senior Thai source said.

Mon guerrilla commander Nai Shwe Kyin will lead a delegation to the southeastern Burmese city of Moulmein to sign a ceasefire with Burma's powerful military intelligence chief Lieutenant-General Khin Nyunt before the end of the month, the Thai official said at the weekend.

The Thai official, who monitors developments along the Thai-Burmese border and declined to be identified, said Burma's ruling State Law and Order Restoration Council (SLORC) had agreed to let the Mon nationalists administer 19 small areas of about 10 square km each, in southeast Burma's Mon state.

The New Mon State Party (NMSP), and its military wing the Mon National Liberation Army, is one of the last ethnic minority guerrilla groups still fighting the SLORC, which, since 1989, has agreed to ceasefire accord with 14 different guerrilla forces.

The Thai official said he was optimistic the Karen National Union, which has also been fighting since 1949, would also sign a deal in coming months.

Small groups of pro-democracy guerrillas from the majority Burman community are still fighting the SLORC as are Shan fighters in opium warlord Khun Sa's powerful guerrilla army.

While Shan guerrillas in Khun Sa's army say they are fighting for the independence of northeastern Burma's Shan state, the SLORC dismisses them as "drug bandits" and has vowed to crush them.

Ceremony Marks Occasion

BK2906072495 Rangoon Radio Myanmar in Burmese 0630 GMT 29 Jun 95

[FBIS Translated Text] A ceremony to mark the New Mon State Party's [NMSP] end to armed struggle and its return to the legal fold was held at the Southeast Military Command's Aung San Hall at 0900 today. The ceremony was attended by Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races and secretary-1 of the State Law and Order Restoration Council [SLORC]; SLORC members; cabinet ministers; senior military of-

ficials; Major General Ket Sein, chairman of Mon State Law and Order Restoration Council and commander of Southeast Military Command; deputy ministers; departmental personnel; peace mediators; NMSP leaders; and local populace.

Maj. Gen. Ket Sein, commander and chairman of the Mon State Law and Order Restoration Council, and NMSP Vice Chairman Nai Kyin spoke on the occasion. The ceremony ended after Nai Aung Naing, joint secretary of the NMSP military committee, presented the manpower, arms, and ammunition list to Maj. Gen. Ket Sein.

Altogether 7,860 NMSP members returned to the legal fold today together with 8,346 assorted large and small arms.

Later, Lt. Gen. Khin Nyunt, SLORC secretary-1, met with NMSP leaders at the Southeast Military Command's Meeting Hall and held talks on regional development matters.

Karenni Say SLORC Breaching Cease-Fire Pact

BK2906054195 (Internet) BurmaNet News in English 0259 GMT 29 Jun 95

["The Government of Karenni Statement regarding SLORC's military activities in Karenni following the cease-fire agreement" — no date given]

[FBIS Transcribed Text] After a series of talks, KNPP [Karenni National Progressive Party] and SLORC [State Law and Order Restoration Council] agreed to a cease-fire, and a ceremony was held in Loikaw on March 21, to mark and solemnize the cease-fire agreement.

KNPP had made it known that it agreed to the cease-fire because SLORC had agreed to the 16 points it had put forward.

Among the 16 points agreed upon are:

- That the present military status quo in both SLORC designated and KNPP designated areas be maintained.
- That there be a stop to portering in the whole of Karenni
- That there be no more collecting of porter fees in Karenni.

In spite of the agreement, SLORC, on June 15, started collecting porter fees in SLORC designated areas. It started rounding up porters, horses and tractors.

On June 17, two battalions of SLORC troops crossed the Salween River and moved into KNPP designated areas, one battalion massing at the confluence of Mae Su Rin stream.

KNPP protested and the answer from SLORC was that national election in Thailand was about to take place, and that it foresaw troubles along the border once the election was over. As a result, it said, it needed to move troops to the border for the security of the state.

KNPP replied that whatever happened in Thailand would be purely Thai international [word as received] affairs and that it saw no reason for troubles along the border.

SLORC next said that the Thais were stealing logs and timber along the border, and the troops that it had moved into KNPP designated areas were to stop them from doing so, and not to attack the Karennis. It also said the Thais had arrested two of their men and were refusing to release them.

On June 26, the battalion that had been stationed at the confluence of Mae Su Rin stream moved deeper into KNPP designated area, and another two battalions crossed the Salween River from Ywa Tit and moved into KNPP designated areas around Mae Su Rin confluence. It is estimated that SLORC has moved about 2,000 troops into KNPP areas.

The fact that SLORC has been collecting porter fees, rounding up porters and moving troops into KNPP areas is a clear breach of the cease-fire agreement reached between SLORC and KNPP. All the reasons given for moving SLORC troops into KNPP areas are simply fictitious and groundless. As a matter of fact, SLORC has pressured KNPP to vacate three border passes [BP] where it wants to garrison its forces — BP 9, BP 11 and BP 12. KNPP has refused to bow to SLORC's pressure, and it is believed SLORC intends to take these posts by force.

KNPP desires peace. It does not want a resumption of hostilities. It deems SLORC hostile activities highly deplorable, and hopes that SLORC will abide by the agreement reached between the two parties. On the other hand, KNPP sees it as a duty to defend itself and its territorial integrity.

Hence, should SLORC continue breaking the cease-fire agreement, and should it refuse to withdraw the troops it has moved into KNPP areas, it will be SLORC, and not KNPP that will have to assume the responsibility for the outbreak of hostilities.

Karenni is a small nation under siege. It has been fighting for survival for decades, and will continue doing so in spite of the heavy odds against it. If SLORC should use its military might to attack Karenni — which KNPP believes it will — KNPP expects and requests all sympathetic and democratic forces the world over to extend humanitarian assistance to the Karenni people.

Brunei, Malaysia & Singapore

Malaysia

UN Criticized on Bosnian Peacekeeping Force

BK2806141195 Kuala Lumpur Voice of Malaysia in English 0810 GMT 27 Jun 95

[Station commentary]

[FBIS Transcribed Text] The United Nations should be reorganized to ensure that it is a body that acts for world peace and justice. A reorganization is needed to assure that the world body continues to be respected as protector of the world. Most important of all, the UN should respect the rights of other nations like Malaysia which had also given troops to serve in the peacekeeping force in Bosnia-Herzegovina.

However, this has not be done as Prime Minister Datuk Sri Dr. Mahathir Mohamed had on numerous occasions. expressed his disappointment with the world body's rejection of Malaysia's offer to increase the Malaysian battalion, MALBAT, strength in Bosnia-Herzegovina. He still reminded it is appropriate because the UN practices discrimination against small countries like Malaysia. For instance, one of the reasons for the rejection on technical grounds is unacceptable because the beef up was important for MALBAT to defend itself from Serbs' attacks. In fact, Malaysia has asked the UN to reconsider its request to send 500 more soldiers to boost the strength of its troops in Bosnia-Herzegovina. The additional troops are necessary to upgrade MALBAT to make it more effective. However, the UN had yet to reply to the latest request.

The UN had earlier agreed to allow Malaysia to send between 200 and 300 soldiers to join MALBAT which now had about 1,523 officers and men. With proper preparations, it is therefore not surprising that Malaysia is planning to continue with the efforts to pressure the UN on this matter. This is understandable as apart from rejecting Malaysian proposal for the upgrading of its armed forces in Bosnia-Herzegovina, the UN also refused to allow it to provide adequate arms to the existing MALBAT forces.

However, the UN is willing to allow troops from the European Rapid Deployment Troops to go there fully equipped with arms. This kind of bizarreness clearly shows that the UN is practicing a little bit of discrimination. This is an unfair treatment as Malaysia has always been willing to work under the UN for peacekeeping and as such the world body must reciprocate by being fair to all participating countries.

Such unfairness could be seen clearly in UN's effort, or rather, lack of it, to end Serbs' atrocities in Bosnia.

Unlike the Iraq invasion of Kuwait where the UN took positive measures to assure that the former withdrew, it had not been done in Bosnia beyond observing the massacre of the Bosnians. The sanctions that have been imposed by the UN only attached the supply of arms to the Bosnians, while the Serbs are receiving a lot of aid from elsewhere. There is no evidence that the sanction is effective against the Serbs. In this case, the UN should allow the Bosnians to get sufficient supply of arms to defend themselves if it is not prepared to defend Bosnia-Herzegovina from the Serbs' aggression.

Singapore

Australian Defense Chief Makes Farewell Visit

BK2806140795 Singapore THE STRAITS TIMES in English 27 Jun 95 p 24

[FBIS Transcribed Text] Australian Chief of Defence Force, Admiral Alan Beaumont, calling on Defence and Labour Minister Lee Boon Yang at the Ministry of Defence [Mindef] yesterday. The admiral is here on a three-day farewell visit. He inspected a guard of honour mounted by men from the army, navy and air force on arrival at the ministry, and also called on the Acting Chief of Defence Force, Major-General Bey Soo Khiang, before calling on Dr. Lee. He called on Prime Minister Goh Chok Tong at the Istana [Presidential Palace] later in the afternoon.

President Ong Teng Cheong will confer on Admiral Beaumont Singapore's highest military award, the Distinguished Service Order (Military), at the Istana today. The award is presented to him for "his outstanding service in promoting defence relations between Australia and Singapore", said a Mindef statement.

The admiral, who arrived on Sunday, leaves Singapore this evening.

Cambodia

Reaction to Rangsi Expulsion From Assembly

Ranariddh Questions Loyalty

BK2806133595 Hong Kong AFP in English 1314 GMT 28 Jun 95

[FBIS Transcribed Text] Phnom Penh, June 28 (AFP)

— Cambodia's First Prime Minister Prince Norodom
Ranariddh has lashed out at controversial former finance
minister and MP [member of parliament] Sam Rangsi,
questioning his loyalty to the country.

The prince also castigated Sam Rangsi, who was expelled from parliament earlier this month, for seeking the help of foreigners in his quest to regain his seat.

In a statement released Wednesday, Prince Ranariddh asked, among other things, why the outspoken critic of governmental corruption had "verbally, or in print, incited open insurrection" and "public disobediance."

Why has he "often, without foundation, uttered critiques and attacks or falsehoods against the Royal Government of Cambodia?" the prince asked rhetorically.

Sam Rangsi, who often quarrelled with Prince Ranariddh, was expelled from parliament earlier this month after losing his government portfolio in a cabinet rehuffle in October. Last month he was expelled from the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party, of which the prince is president.

The former minister, who won plaudits from foreign governments and international lending institutions when, as minister of finance, he balanced Cambodia's budget last year, has made no secret of his quest for support from outside the country in keeping his seat in the national assembly.

He has appealed with success to international human rights organizations and foreign parliamentarians and governments for support.

In the statement, Prince Ranariddh criticized those appeals reiterating an earlier stance that foreigners should not and could not interfere with the country's or the parliament's sovereignty.

"It is... interesting to underline that (Sam Rangsi) in his desperate attempts to prevent the executive committee of FUNCINPEC and the National Assembly to expel him, has not hesitated to make appeals to foreigners to try to pressure (them)," the prince said.

"This method is not only beneath a former member of a democratic assembly elected by our sovereign people but it can establish, if it works, an unfortunate precedent for our country, because it will allow foreigners to interfere in our affairs...."

Sam Rangsi, who was out of the country Wednesday, was unavailable for comment.

Commentary Defends Ouster

BK2906274095 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 28 Jun 95

[Station commentary]

[FBIS Translated Text] On behalf of the National Assembly of the Royal Government of Cambodia [RGC], His Excellency [H.E.] Loy Simchheang, first vice chairman of the National Assembly, announced on 22 June

at the fourth session of the National Assembly's first legislature the removal of H.E. Sam Rangsi from the seat of the representative from Siem Reap constituency. This seat is now filled by H.E. Nu Sangkhan, member of the National United Front for an Independent, Peaceful, and Cooperative Cambodia [FUNCINPEC] Party.

This announcement was made after National Assembly Chairman Samdech Chea Sim received a letter No. SP/ 48 dated 22 May 1995 from the FUNCINPEC Party and after his thorough consideration and consultation with national lawyers both inside and outside the country.

The removal of H.E. Sam Rangsi from the FUNCIN-PEC Party is the internal affair of this party and the National Assembly cannot intervene. This is because the 23 October 1991 Paris peace accord on Cambodia, especially Annex 3 concerning the elections and electoral law which was adopted by the Supreme National Council, requires a proportional representation election system, not a a single ballot system. The election candidate must link himself with his political party. This is the fundamental basis of the relationship between a member of a party and his getting a National Assembly seat. Moreover, as a result of the general elections in May 1993, parliamentary seats have been proportionally allocated to the political parties according to the numbers of votes they have received from the people. Therefore, 58 seats have been allocated to the FUNC-INPEC Party, which sent its representatives to the then constituent assembly, now the National Assembly of the Kingdom of Cambodia.

Briefly speaking, the removal of H.E. Sam Rangsi from National Assembly membership has resolved the problems in the Cambodian National Assembly and responded to the request of the FUNCINPEC Party's leadership headed by the prince krompreah which has approved and announced the removal of Sam Rangsi as a National Assembly member.

The removal or appointment of anyone is an ordinary practice in social-political life; and to settle the above problem, one must take into consideration the 1993 electoral system of proportional representation, that is, the people elect the party. It is the party's duty to appoint or remove any candidate. Any one losing his party membership is automatically removed from the National Assembly and his removal must be announced to the public. Therefore, all people should understand [words indistinct].

The removal of Sam Rangsi is not the Royal Government's business nor [words indistinct]. It is just the FUNCINPEC Party's internal affairs. Therefore, [words indistinct] FUNCINPEC Party to decide to appoint or remove anyone. For this reason, [passage indistinct].

The Royal Government has used its right to self-defense to smash those who have played the Khmer Rouge card. Now, the Royal Government does not want the Khmer Rouge to fight with the Royal Government again. However, the government has a right to defend national independence, sovereignty, peace, and security. The government is duty-bound to protect the people and provide them with security. The government will not allow anyone to sabotage, undermine, and destroy the people's peaceful life.

The RGC will continue to follow the advice of our revered king and to settle all problems through peaceful means with Cambodia's neighboring countries. We will not encourage the use of violence to solve the conflicts arising from whatever sources. Cambodia will use the negotiating table and friendship as a means to settle problems with neighboring and all other countries. However, those individual foreigners who do not represent their countries must stop interfering in Cambodia's internal affairs through intervention in whatever matter, that is, they must respect Cambodia's sovereignty.

The removal or replacement of any member of the Cambodian National Assembly is a special characteristic of the Kingdom of Cambodia National Assembly, which has transformed itself from the constituent assembly, and which is the accomplishment made through the world community's support and assistance.

We cannot do anything beyond the framework of our existing state law and our National Assembly cannot bow to an individual view [words indistinct].

The action taken in line with the existing state law does not mean a rejection of the fundamental basis of a liberal democratic system and respect for human rights. On the contrary, this serves to strengthen these fundamental principles with a view to building the Kingdom of Cambodia to become a state which represents the common desire of the Cambodian people and the international community.

Foreign 'Interference' Decried

BK2906080995 Phnom Penh REAKSME1 KAMPUCHEA in Cambodian 29 Jun 95 pp 1, 2

[Report by Mea-nup]

[FBIS Translated Excerpt] Lord Avebury, who is merely the head of the British Parliament's human rights group, has the guts to make an unwarranted appeal calling on National Assembly Chairman Samdech Chea Sim to step down due to the assembly's decision to dismiss [former Finance Minister] Sam Rangsi as an MP. This action constitutes interference in the internal affairs of

the National Assembly, the top legislative organ of Cambodia.

Lord Avebury is said to be one of Sam Rangsi's important supporters, who prevented Sam Rangsi being removed from his position since the beginning and who tried to keep him in the National Assembly since the move to expel him took shape.

In his 25 June letter to National Assembly Chairman Samdech Chea Sim, who is currently undergoing medical treatment, Lord Avebury said he had been terribly bewildered by the sacking of Sam Rangsi from the National Assembly and he added that the action was contrary to Samdech Chea Sim's previous statement that "the National Assembly will respect the principles of multiparty democracy."

Lord Avebury made an unjustifiable proposal saying: "I hold that you can no longer remain as assembly chairman because the decision was dictated in violation of a promise you have made to the Cambodian people and the entire international community."

Actually, Samdech Chea Sim has promised that the National Assembly will always abide by all legal principles, including the Constitution, the assembly's internal regulations, and other laws, but the expulsion of Sam Rangsi is not an action taken by the National Assembly in an illegal manner or in violation of the law.

In his statement dated 22 June, Samdech Chea Sim reaffirmed: "I pledge that I will not take actions contrary to the Constitution, the National Assembly's internal regulations, and the electoral law as well as the principles of liberal democracy and respect for human rights."

Samdech Chea Sim added in his statement: "Concerning the removal of His Excellency Sam Rangsi from the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party, I wish to point out that it is an internal affair of that party. Neither the National Assembly nor I can in no way intervene." He stressed: "The Paris 23 October 1991 peace accord on Cambodia, specifically Annex 3 concerning the elections and electoral law which was adopted by the Supreme National Council, requires a proportional representation election system, not a single ballot system one, by which an election candidate should link himself with his political party." Referring to this basis Samdech Chea Sim explained: "This is the basic foundation of the relationship between members of a party and their receiving a National Assembly seat."

Moreover, Samdech Chea Sim disclosed in his letter: "According to Article 117 of the constitution, only the Constitutional Council has the right to decide on an electoral conflict and to interpret the Constitution and

other laws already adopted by the National Assembly."
That being the case, Sam Rangsi is fully entitled to protest to the body, when it is set up in the near future.

All actions taken by the National Assembly have been based on legal foundation. Nevertheless, it is regrettable that Lord Avebury, who is merely the head of the human rights group of a country which is also as sovereign as the Kingdom of Cambodia, has proposed that Samdech Chea Sim step down. This move is obviously an intervention in the internal affairs of a sovereign Cambodia. [passage omitted citing AFP report on Australian Foreign Minister's 26 June remarks on Sam Rangsi expulsion]

Sihanouk Leaves for Medical Checkup in Beijing BK2906050495 Hong Kong AFP in English 0444 GMT 29 Jun 95

[FBIS Transcribed Text] Phnom Penh June 29 (AFP)

— Cambodia's King Norodom Sihanouk left here
Thursday for a regular medical check-up in Beijing.

King Sihanouk is expected to stay in Beijing for a month and to return to Cambodia in late July or early August, according to officials at the Royal Palace.

The king and his wife, Queen Monique, were cheered on their departure from Phnom Penh by government officials, including the chairman of the national assembly, Chea Sim, who will serve as acting head of state in the monarch's absence.

Indonesia

Commission Members Debate ABRI-Golkar Ties BK2906013795 Jakarta KOMPAS in Indonesian 28 Jun 95 pp 1, 11

[FBIS Translated Excerpt] Jakarta, KOMPAS — The ABRI [Indonesian Armed Forces] is composed of different groups and levels of society. However, it was acknowledged that some ABRI personnel had contributed their aspirations to only a certain group. Unquestionably, every ABRI member has his own right to pursue any legitimate action.

Speaking during a hearing session with Parliamentary Commission I chaired by B.N. Marbun from the PDI [Indonesian Democratic Party] parliamentary faction in Jakarta on 27 June, Lieutenant General Mutalib, governor of the National Defense Institute (Lemhanas) said: "Such an undertaking could be due to historical trends or even from past experiences. Speaking in terms of legality, I consider such an undertaking as not offensive. Notwithstanding, as an individual, I think that the ABRI stands for all."

Mutalib's statement was in response to the queries made by two United Development Party parliamentary faction members, Kiai Haji Amin Imrun and Kiai Haji Endang Zainal Abidin. The two parliamentarians considered the ABRI as being "closer" to Golkar [Punctional Party] compared with its affiliation with either the United Development Party (PPP) or the Indonesian Democratic Party (PDI).

Endang considered that only a portion of ABRI personnel are "close" to the public. He said: "Until which five-year National Development Program will the ABRI continue such actions? This statement is made not out of mere jealousy, but as a logical necessity based on the Pancasila democratic system and in the spirit of solidarity."

Responding to the question by the parliamentarians, Mutalib said the ABRI's commitment is to serve the people and not to side with any particular organization because it has to adhere to certain regulations regarding its affiliation with any sociopolitical organization.

The issue of the ABRI's "proximity" with Golkar emerged only recently. In connection with this, Harmoko, the general chairman of the Golkar had previously stated that it was untrue that the ABRI and bureaucrats are behind Golkar. Harmoko said: "Given its historical background, Golkar has all along been an independent sociopolitical power. Should there be ABRI members who are active within the party, then they are only the personnel who have retired from active service within the ABRI." [passage omitted on parliamentarian's query on issue of nepotism among ministers]

Envoy on Amended East Timor Declaration

BK2806141895 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 27 Jun 95

[FBIS Translated Text] Indonesian special roving ambassador Lopes da Cruz has dismissed views that a pro-Indonesian East Timorese group committed a mistake at the All-Inclusive Intra East Timorese Dialogue in Austria on 5 June.

Speaking to reporters in Jakarta today, Lopes da Cruz said the amendment to the Schlaining Declaration that was adopted one day after the meeting was prompted by a cunting move perpetrated by the anti-Indonesian East Timorese group led by Ramos Horta. Lopes da Cruz said close scrutiny of the declaration's text showed that several points agreed to during the meeting were not listed.

Fifteen pro-Indonesian participants signed the amended declaration text on 6 June. The amended text was later

sent by the UN secretary general's envoy to the other East Timorese groups led by Abilio Araujo and Ramos Horta.

Minister Stresses Importance of Small Businesses

BK2806141295 Jakarta SUARA PEMBARUAN
in Indonesian 26 Jun 95 p 4

[FBIS Translated Excerpt] Surakarta, 26 Jun — Finance Minister Mar'ie Muhammad says it is very dangerous if the national economy depends only on several big businesses because a stable economy must be supported by small businessmen and cooperatives.

"If we properly develop our small businessmen and cooperatives, it is not impossible that they can serve as the backbone of the national economy," he told a group of businessmen when he launched the establishment of Sarana Surakarta Ventura Co. Ltd. (SSV) in Surakarta on Saturday.

Besides the finance minister, Subiyakto Cakrawerdaya, minister for cooperatives affairs and promotion of small businesses, was also present during the occasion.

With a capital of 5.25 billion rupiah, SSV is owned by 55 Indonesian businessmen, including [President Suharto's son] Hutomo Mandala Putra, Robby Sumampow, Setiawan Jodi, Sukamdani, and other leading businessmen. President Suharto himself has an unspecified amount of equity share in the company.

The finance minister noted that all economic sectors controlled by big businesses will be uneconomical in the long run. Therefore, a system of partnership and subcontracting must be developed to make the national economy efficient. Many people misunderstand the role and potential of small businesses while in fact small businesses have always received serious attention in industrialized countries like the United States, Europe, and Japan. This explains the strength of those countries' economy.

"The U.S. and Japanese economic structure does not depend on big businesses only, but is supported by small businesses," he said. In Japan, subcontracting and partnership between big and small businesses are flourishing. In contrast, big and small businesses in Indonesia are operating separately, resulting in small businesses being left behind. "This is something we do not want," the minister said. [passage omitted on details of company establishment]

Serpong Electric Project Still Facing Problems 95SE0140D Jakarta BISNIS INDONESIA in Indonesian 8 May 95 p 5

[FBIS Translated Text] Jakarta, BISNIS INDONESIA—The contract for the sale of natural gas for the PLTGU [Natural Gas and Steam-Powered Electricity Generator] at Serpong between PERTAMINA [Indonesian National Oil and Gas Company] and PT Serpong Elektrika [Serpong Electricity Generator, Inc] is still encountering difficulties. As a result the project to construct this privately-owned electricity generator worth \$369 million has not yet been completed, although it has obtained approval from the BKPM [Investment Coordinating Board].

Sujitno Padmosukismo, director general of the Office of Oil and Natural Gas of the Ministry of Mining and Industry, has confirmed that PERTAMINA has not yet signed the contract for the sale of natural gas for the natural gas and steam-powered electricity generator, which is located in Tangerang, West Java.

Sujitno Padmosukismo discussed the results of the working meeting of the Ministry of Mining and Industry on the production program for 1995/1996, held at the central office of the PLN [State Electricity Corporation] at the end of last week. He said: "The contract for the sale of the natural gas has not yet been signed because the investors want a lower price. Meanwhile, the Indonesian Government has decided that the sales price for natural gas within Indonesia shall be based on the economic value of the natural gas project."

The Serpong natural gas-powered electricity generator will be constructed by PT Serpong Elektrika. It will have a capacity of 400 MW. The company is a joint venture of PT British Gas Overseas, PT Listrindo Serpong Nusantara [Serpong Nusantara Indonesian Electricity Corporation], and PT Binatek Widhipratama [Widhipratama Technical Construction Corporation] (of the Bakrie Group of companies).

It is known that PT Serpong Elektrika has received approval from the Ministry of Mining and Industry—through the director general of electricity and energy development (LPE)—as well as from the Investment Coordinating Board to carry out this project.

Indeed, this private investor in electricity generation has invited representatives of ABN-AMRO [the state budget office and the AMRO Bank] to lead a syndicate of investors worth \$250 million for the construction of the Serpong natural gas-powered electricity generator.

Sujitno Padmosukismo, the director general of oil and natural gas, has denied that the contract for the sale of natural gas for the project has not yet been implemented because of poor coordination between his office and PERTAMINA.

He declared: "This has nothing to do with the problem of coordination. Indeed, negotiations on the contract for the sale of natural gas have been going on for a long time. However, at present it appears that the two sides are getting closer together."

Meanwhile, Minister of Mining and Energy I.B. Sudjana, when he announced the results of the working meeting on the program for 1995/1996, said that his ministry is trying to reduce the yen component of the foreign loan funds for financing the project.

He said that this has been done to reduce the burden of Indonesia's swollen foreign debt, as a result of the appreciation of the yen.

Philippines

Manila Welcomes Tokyo-Washington Auto Deal BK2906043795 Hong Kong AFP in English 0412 GMT 29 Jun 95

[FBIS Transcribed Text] MANILA, June 29 (AFP) — The Philippines on Thursday welcomed the last minute agreement on auto market access between the United States and Japan that averted a trade war, saying it eased the threat of Washington's use of unilateral sanctions.

"The agreement, which is a cliffhanger, is a welcome development because it eases the tension," said Jose Antonio Buencamino, the director for the Philippine Trade Department's bureau of international trade relations.

Had a trade war erupted between the two, Manila's main trading partners, "it would have been bad for us" and "it would have emboldened the United States" to wield the club of unilateral trade sanctions, he told AFP.

"The fear (among Asian nations) would have become more real," he said.

Buencamino would not comment on whether the Philippines thought Washington's use of threats of punitive tariffs on Japanese luxury car models had contributed to its apparent success in prying open the Japanese market.

He said he did not know if the United States intended to withdraw a case against Japan it initiated in the World Trade Organization (WTO).

"In any case, the only route to solve any differences which may remain or which may erupt in the future should always be the WTO," he added.

Automotive wiring harnesses comprise one of the the Philippines' top 10 exports, worth about 150 million

dollars last year mainly to Japan and the United States, according to official figures.

Manila, Beijing To Discuss Fishing Agreement BK2906014995 Manila MANILA STANDARD in English 24 Jun 95 p 5

[Report by Merlinda Manalo]

[FBIS Transcribed Text] The Philippines has agreed to discuss China's proposal of forging a fishing cooperation agreement between the two countries, in a bid to convince the latter to rethink its stand towards the Philippine-claimed Kalayaan Islands in the Spratlys, a senior Foreign Affairs official said.

The source said Beijing's proposal in coming up with a fishing cooperation agreement was a significant step towards peacefully resolving the Spratlys dispute between the two countries.

"At present, China does not regard the Kalayaan Island Group as a disputed territory since it has maintained that it has the sole claim over the Spratlys," the source explained.

"Making China accept that the area is a disputed territory would be an important step in recognizing the Philippine claim," he added.

He said the issue could be discussed simultaneously with the Philippine proposal to establish a code of conduct among claimants to the Spratlys.

The source said a meeting between officials from Beijing and Manila will be held here before the scheduled ASEAN Regional Forum, in Brunei next month, when the Philippines and other participants are expected to individually raise the Spratlys issue.

The potentially oil-rich Spratlys is being claimed in whole or in part by China, Vietnam, the Philippines, Malaysia, Brunei, and Taiwan.

All the claimants, except for Taiwan, will participate in the security forum either as regular members or dialog partners.

The source said the proposed fishing agreement will involve not only territorial issues but also marine cooperation projects.

Beijing's proposal was coursed by senior Chinese officials through former Ambassador Alfonso Yuchengco, who was sent to China last month as a special envoy of President Ramos.

Yuchengco's mission included ironing out differences between the two countries, which had been locked in a dispute involving the Chinese occupation of the Philippine-claimed Mischief Reef in the Spratlys. China had maintained that the facilities it set up in Mischief Reef were merely for fishermen, which Filipinos could also use.

The Philippine military, however, said the site had been used for naval surveillance by Chinese troops who have stationed several ships in and around the reef.

MNLF, Government Reach Mindanao Consensus

Consensus on Provisional Government

BK2906020195 Manila MANILA BULLETIN in English 25 Jun 95 pp 1, 8

[Report by Cena B. de Guzman and Nonoy E. Lacson]

[FBIS Transcribed Text] The national government and the Moro National Liberation Front (MNLF) have forged a consensus on the formation of a provisional government in 13 provinces of Mindanao, a joint statement said yesterday.

Nur Misuari, MNLF chairman, said "We are now very near the threshold of peace."

The joint statement issued by the government and MNLF panels after the fourth round of talks of their mixed committee in Davao City said they agreed to seek legislation by Congress creating the provisional government which would eventually replace the Autonomous Region in Muslim Mindanao (ARMM).

The statement said consensus was reached on a provisional government with three branches — legislative, executive, and judicial; on the integration of MNLF units in the Armed Forces of the Philippines (AFP); and on the creation of a regional security force, similar to the Philippine National Police (PNP).

But the two sides, the statement said, failed to reach a consensus on a plebiscite on the creation of the provisional government, which Misuari was known to oppose.

Only four provinces in Mindanao — Tawi-Tawi, Maguindanao, Lanao del Norte, and Sulu — voted to join the ARMM in a plebiscite during the Aquino administration to implement a provision of the Tripoli Agreement the MNLF had entered into with the Marcos government.

Libyan Ambassador Mohammad Mohsin, who represented the 52-nation organization of Islamic Conference (OIC) during the Davao talks, said 80 percent of the problems faced by the peace accord had been resolved.

Another round of mixed committee meetings is scheduled in General Santos City sometime in July. The third and final round of peace talks is expected in Jakarta, Indonesia, also in July.

Three concerns

Davao City — Moro National Liberation Front (MNLF) chairman Nur Misuari identified three areas of concern for the national government to solve to achieve lasting peace in Mindanao.

These are, Misuari said, the granting of genuine autonomy to the people of Mindanao; a better program to solve the peace and order problem; and, the fast reconstruction of the economy.

Speaking before local newsmen here, Misuari said these can only be achieved through political power in an autonomous government.

He also cited politics as the key solution to the widespread poverty problem in Mindanao.

The problem today in Mindanao is the same as that of the early 70s when the Muslims started a struggle for self-rule, Misuari said.

Sen. [Senator] Santanina Rasul in Zamboanga City asked the national government to deal squarely with the peace talks with the MNLF.

Accord Not Final

BK2906054695 Quezon City Radio Filipinas in English 0230 GMT 29 Jun 95

[FBIS Transcribed Text] President Ramos says the agreement with the MNLF [Moro National Liberation Front] for the setting up of a provisional government in Mindanao has been forged only at the level of the negotiating panels. The president also said that any peace settlement with the Muslim rebels should be within the context of the 1987 Philippine Constitution. Meantime, the chief executive will (?convene) this weekend a second Mindanao leaders' summit. The summit is an expanded form of the [words indistinct] for the island and the proposed provisional government. The summit will be held in General Santos City.

Congresswoman Opposes Agreement

BK2906055295 Manila MANILA STANDARD in English 26 Jun 95 p 2

[Report by Rudy Saavedra]

[FBIS Transcribed Text] Zamboanga City — Rep. [Representative] Ma. [Maria] Clara Lobregat of this city warned that a provisional autonomous government in Mindanao as sought by the Moro National Liberation Front (MNLF) would divide instead of unite the people of the region.

The Zamboanga lady solon was reacting to reports that government negotiators led by Ambassador Manuel Yan and the MNLF led by Chairman Nur Misuari have reached an agreement during their week-long peace negotiations in Davao City on the "thorny issue" of setting up a provisional autonomous government in Mindanao.

"The two negotiating panels should understand that we have a stable government in place and we don't need any provisional government," Lobregat said, stressing that even the Muslims of Mindanao are content with the present set-up and have lived in peace with Christians and other non-Muslim groups.

Early last week, former MNLF field commander Sali Wali described the MNLF demand as a clamor of a minority group and not of the Muslim majority in Mindanao.

Ambassador Yan said in Davao City that the issues to be reserved [as published] are technicalities to implement the setting up of a provisional government that include an enabling act from Congress. The act would amend the law that created the Autonomous Region for Muslim Mindanao (ARMM) to be followed by a plebiscite in the proposed areas of autonomy.

Misuari wanted a provisional government covering the provinces of Sulu, Tawi-Tawi, Basilan, Lanao del Sur, Lanao del Norte, Zamboanga del Norte, Zamboanga del Sur, Sultan Kudarat, South Cotabato, Maguindanao, North Cotabato, and Palawan and the cities of Zamboanga, General Santos, Cotabato, Iligan, Dipolog, Dapitan, Marawi, Puerto Princesa, and Pagadian.

"If I have my way its out of the question," Lobregat said on the proposed inclusion of Zamboanga City to the territorial coverage of the provisional government.

She said that the city's electorate have already voted the city out of any autonomous region. In the 1987 plebiscite, Christian and Muslim voters of the city, overwhelmingly rejected inclusion in the ARMM.

Lobregat also expressed opposition to the holding of a new plebiscite saying "the people of Zamboanga have already spoken." She said the provisional government should exist only in the present ARMM which cover the provinces of Sulu and Maguindanao, Tawi-Tawi, and Lanao del Sur.

Of the 13 provinces and nine cities being proposed by the MNLF to be placed under a provisional government, only five provinces and one city are predominantly Muslim.

Columnist Opposes Consensus

BK2906055095 Manila MANILA STANDARD in English 26 Jun 95 p 11

[From Emil P. Jurado's column: "Misuari must be dreaming"]

[FBIS Transcribed Excerpt] Nur Misuari and the Moro National Liberation Front [MNLF] want full autonomy and a provisional government for nine cities and 13 provinces in the Mindanao-Sulu-Palawan area.

My gosh, they aren't asking for a crescent in the Philippine flag; they are demanding a full moon.

I don't know how the Ramos administration will resolve the autonomy issue, but I am sure the president is aware that any misstep in the settlement of the Muslimautonomy problem could plunge the country into a Bosnia-style civil war.

Several points have to be borne in mind.

First, Misuari and the MNLF represent a small minority within a small minority. Apart from the MNLF, there is the Mindanao Islamic Liberation Front and the Bangsa Moro movement.

The lack of support for Misuari's concept of a Muslim Mindanao was demonstrated in the plebiscite for the autonomous region. Only four provinces — Sulu, Tawi-Tawi, Lanao del Sur, and Maguindanao — opted to join the autonomous region. Cotabato City, which was to be the capital of the Autonomous Region for Muslim Mindanao, rejected the autonomous-region idea.

Second, the situation in Mindanao has changed considerably since the time the Tripoli Agreement was reached. For this reason, it would be stupid for the government to submit to Misuari's demand that the Tripoli Agreement be followed to the letter.

Third, and most important, Mindanao and Palawan are predominantly Christian. How can Misuari demand that these regions be ruled by a provisional government headed by him and be organized into a Muslim autonomous region?

I have spoken to many congressmen from Mindanao, and they tell me they will never allow their constituencies to fall under the rule of "His Excellency, Nur Misuari," as the man is now called by his followers.

There is no way the Christians will have Misuari and the MNLF. And so, forcing the autonomous-region idea down the throat of Mindanao and Palawan will create a Bosnia-type situation. [passage omitted]

Peace Talks Stall Over Llamas Participation

Brussels Talks Reach Impasse

BR2906135995 Brussels LE SOIR in French 29 Jun 95 p 6

[Article signed "AGn": "Contacts Broken Off Between Manila and Communist Guerrillas"]

[FBIS Translated Text] "The National Democratic Front (NDF, communist guerrilla group — editor's note) wants to hold us hostage," say Philippine Government representatives. "The government wants to force us to surrender," replies the NDF. Peace negotiations between the two parties, intended to bring an end to 25 years of civil war in the Philippines, finally collapsed yesterday. After starting in Brussels on Monday, they were interrupted the same day, and then suspended on Tuesday by Philippine officials.

The reason: "Before going any further, the NDF demanded that its political leader, Sotero Llamas, should be present as political adviser," explains Howard Dee, head of the governmental delegation. "And they tell us that when we are already in Brussels. Despite everything, we have shown proof of goodwill and, in addition to calling a unilateral cease-fire, the government asked the Philippine judiciary which is bringing charges against Llamas for seven offenses, including murder, to let him travel to Brussels. But that could not be arranged before the end of the week. In the meantime, the NDF has refused to talk. That is unacceptable and that is why we have suspended the negotiations," concluded Mr. Dee.

The NDF has a different version of events. It says that Manila undertook to secure the release of Llamas in order to encourage progress on the negotiations and that, against its word, it did all in its power to ensure that he was not released which, according to the NDF, also violates the joint agreement granting security and immunity guarantees. To prove that it also shows goodwill, the NDF has asked Switzerland to intervene to relaunch the process.

The fact remains that the situation is apparently blocked, thus jeopardizing the results of three years of laborious negotiations.

NDF Condemns Suspension of Talks

BK2806160295 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 28 Jun 95

[FBIS Translated Text] The National Democratic Front, or NDF, has condemned the Ramos administration decision to suspend peace negotiations.

In a fax message, Luis Jalandoni, head of the NDF panel, said President Ramos has failed to comply with the joint agreement on security and immunity guarantees. This was proven in the case of New People's Army leader Sotero Llamas, who was not allowed to perform his task with the NDF as consultant in the peace talks.

NDF condemned President Ramos' unilateral declaration to suspend the peace talks. It accused the military of sabotaging the talks due to its refusal to release Llamas.

Talks between the government and NDF panels began last Monday, 26 June in Brussels, Belgium.

Only Court Can Release Llamas

BK2906105595 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 28 Jun 95

[FBIS Translated Excerpt] President Ramos has stressed that it is only the court that has the power to release NPA [New People's Army] leader Sotero Llamas. In his news conference, the president said that the National Democratic Front [NDF] should wait patiently with regard to the issue of the release of Llamas.

[Begin Ramos recording in progress, in English] ...justice of courts is beyond our control in the executive. Do not forget there are roughly eight or nine courts involved here, and not just one; and one of them, as I have pointed out in my statements yesterday, just turned up at Legaspi. So, it is impossible because of the (?great) crimes that which Mr. Llamas has been charged — murder, kidnapping, carnapping — and the court is not about to release Mr. Llamas; and you (?multiply) not one but nine [laughter]. [end recording]

Earlier, Ramos ordered the military to declare a ceasefire with the communist rebels; but according to former NDF spokesman Satur Ocampo, Ramos's move is inadequate. [passage omitted on NDF's criticism of government's actions over suspension of talks]

Offensive Launched Against NPA in Samar BK2906015495 Manila PHILIPPINE DAILY INQUIRER in English 24 Jun 95 p 16

[Report by Jerry Esplanada]

[FBIS Transcribed Text] The military has launched what it called a "relentless drive" to destroy the 300-strong New People's Army [NPA] force in Samar following the expiration of the government's amnesty program for communist rebels last June 1.

Brig. Gen. Danilo Olay, commanding general of the Army's 8th Infantry Division [ID], which is based in

Camp Lucban, Catbalogan Town, yesterday vowed to "finally terminate the (decades-old) insurgency problem" in the Eastern Visayas Island.

Olay, who also heads the Armed Forces' Samar Island Command, lamented that "remnants of hardcore communist insurgents operating in this island had refused to avail of the sincere offer for amnesty by President Ramos."

"Today, there is no more alternative left for military forces deployed in Samar but to pursue this campaign," he said. "This is our mission here, or else, we have no reason for our continued hanging around here in Samar Island."

He said the Army had "no intention of wasting people's money and resources."

"But more than this material justification, it is our sworn duty to protect our people and the sovereignty of the state," Olay said.

At the same time, Olay appealed to Samarenos to extend their "whole-hearted support and cooperation to the military's counterinsurgency efforts here."

Meanwhile, Maj. Erlando Altarejos, assistant chief of staff for civil-military operations of the Army's 8th ID, denied reports that "makapili," or hooded spies, were being tapped by the Army to assist soldiers in positively identifying communist rebels.

In an interview, Altarejos dismissed the allegation was "part of their propaganda to malign our organization."

Task Force Detainees [TFD], a human rights group, has charged that the Army has revived the "infamous network of pro-Japanese Filipino spies (using sacks to hide their faces) during World War II."

TFD cited the arrest of Gregorio Calong, a 32-yearold farmer, by Army soldiers last June 6 in Barangay [village] San Isidro, Panabacdao Town. The human rights group said Calong was attending the wake of his father in Sitio [district of village] Gambunay when the soldiers and the "makapili" came. The Army tagged Calong as a "sympathizer of the New People's Army," TFD said.

The soldiers later brought Calong to the Army's 43rd Infantry Brigade detachment in Sta. [Santa] Rita, Samar. "Our soldiers did not use any hooded men in the apprehension of Calong, who is known in the area as Ka [Comrade] Weldo," Altarejos said.

The Army claimed Calong allegedly headed the Samar Front Command of the NPA. "He is also wanted for the abduction and murder of an Army soldier and a member

of the Philippine National Police in 1992," Altarejos said.

Maj. Eutiquio Cabando, public information officer of the Army camp in Catbalogan, the provincial capital, also denied the TFD allegation. "There is no truth to that report," Cabando said.

Meanwhile, reports reaching Camp Aguinaldo disclosed that a militiaman was killed by Moro Islamic Liberation Front rebels in Barangay Kalaong, Maitum, Sarangani last Sunday.

The military's Southern Command [Southcom] identified the victim as Pelaez Nabor, a security guard of Kalaong Rubber Development Corp. The rebels "also carted away the victim's government-issued garand rifle," Southcom said.

Balance of Payments Deficit in First Quarter

BK2906055995 Quezon City MALAYA in English 24 Jun 95 p 9

[Report by Ditas B. Lopez]

[FBIS Transcribed Text] Changes formulated in the accounting system of the country's balance of payments (BOP) bloated last year's actual BOP surplus by 972 percent to \$1.8 billion from the \$168 million registered using the old accounting system.

However, the new accounting system failed to bring out a positive BOP position for the country during the first quarter of 1995.

Actual BOP or external transactions position during the first three months hit a deficit of \$645 million due to decrease in all components of the BOP accounts.

Government data showed that principally pulling down the BOP position during the first quarter was the substantial drop in the foreign investments which fell 71 percent to \$192 million from \$679 million during the first quarter of 1994.

While the first quarter's BOP position using the old accounting system was not made available to the press, sources said this would even be hitting a bigger deficit.

The BOP figures were among the macroeconomic data presented by the government to the International Monetary Fund, which is conducting a week-long review of the country's performance under the IMF-backed three-year economic program.

Changes in the accounting system revised the previous data on services, net short capital, and errors and omissions.

Using the new accounting system, services — a component of current transactions — went up to \$4.77 billion

from the total current account to a deficit of \$2.13 billion instead of a bigger deficit of \$3.05 billion.

Net short-term capital, on the other hand, declined to a deficit of \$152 million from a surplus of \$316 million.

Errors and omissions or unaccounted inflows resulted to a positive \$471 million from the previous negative \$131 million.

Diwa Guinigundo, director of the Department of Economic Research of the Bangko Sentral ng Pilipinas [Central Bank of the Philippines] earlier explained that foreign exchange inflows were previously understated since foreign currency deposit units (FCDUs) had not been accounted for, and that outflows were overstated as loans against FCDUs had automatically landed under the short-term capital outflows.

The changes in the net short-term capital were the result of the recorded increase in the net international reserves of commercial banks.

The changes in the accounting system were in line with the proposal of the IMF which said that the BOP computation used by the country did not reflect the actual inflow and outflow of dollars.

On the BOP position during the first quarter, the deficit was even higher than the \$501-million deficit recorded in 1993 using the old computation.

Sources said the BOP deficit could be traced principally to higher outflow of foreign investment and lower inflow as a result of investors' apprehension on any possible adverse effect of the Mexican crisis on the country.

Thailand

Government To Resist U.S. Liberalization Pressure

MFN Threat of Little Significance

BK2906010895 Bangkok SIAM POST in Thai 28 Jun 95 p 19

[FBIS Translated Text] Dusit Thani Hotel — The Thai Ministry of Commerce pledged not to yield to the pressure imposed by the United States in calling for the liberalization of the financial services and trade sectors. Despite the U.S. threat to cut MFN [Most Favored Nation] privileges, Thailand will continue the implementation of its liberalization plan because any alteration could cause many difficulties. The deputy permanent secretary of the Ministry of Commerce delivered an address at the seminar on the adjustment of Thai businesses and the Thai economy in the new era during the Thai Board of Trade [BoT] on the occasion of the BoT's 40th anniversary on 27 June. In his address.

Karun Kittisathaphon said that the United States has sent invitation letters to various countries including Thailand to attend the multilateral financial services negotiations in Geneva on 30 June. The intention is to encourage Thailand and the other countries invited to open up their financial services sector.

Thailand will decide whether or not it is necessary to liberalize its financial services since the United States will cut MFN privileges if Thailand fails to comply with its demand.

He said he personally believed that the suspension of MFN privileges will have no significant impact on Thailand. Since the liberalization plan has already been worked out, any alteration will cause difficulties.

Karun disclosed that it is anticipated that after the liberalization, the total value of the world services and trade in each year will be as high as \$100 billion and the lion's share of this amount will go into the hands of the developed nations.

Following the liberalization of global trade, the business sectors must learn to penetrate new markets in all parts of the world. While the business sectors are doing this, the government's duties are to look after rules and regulations in order to prevent them from obstructing the operation of the business sectors.

Narongchai Akharaserani, chairman of the executive board of the GF Finance and Securities Company, said during the seminar that the new government to come after the election must solve the problem of the excessive current account deficit. He also said that the new government should accelerate exports, which should expand 15 to 20 percent annually, as well as emphasize efforts to boost earnings from the services sectors.

The government must spell out its domestic administrative system and fully promote the operation of business sectors and help them overcome problems and difficulties.

The liberalization of the financial services sectors requires the further expansion of financial bodies through cooperation with foreign investors. For example, GF is seeking official permission to co-invest with foreigners to open an insurance company.

ASEAN Urged To Resist

BK2906095795 Bangkok BANGKOK POST in English 29 Jun 95 p 28

[FBIS Transcribed Text] Thailand is urging ASEAN members to resist efforts by the United States to speed up the free trade timetable in the Asia-Pacific Economic

Cooperation [APEC] group, according to Deputy Prime Minister Suphachai Phanitchaphak.

The 18 APEC nations agreed last November that each should liberalise at a pace consistent with that nation's stage of economic development. The overall target is 2010 for developed economies and 2020 for developing countries.

Dr Suphachai said that ASEAN should resist US demands to speed up liberalisation, and that APEC should abide by the General Agreement on Tariffs and Trade until 2000 after which the US proposal could be reconsidered.

At this coming November's APEC meeting in Osaka, members will discuss voluntary tariff reductions. Last November in Indonesia, member countries agreed to offer special tariff cuts on a reciprocal basis to promote trade.

Dr Suphachai questioned the sincerity of the United States on the issue of open trade, noting that Washington has been cool to Thai requests that it cut its many agricultural subsidies.

Article Views U.S. Policy Toward Burma

BK2806160495 Bangkok THE NATION in English 28 Jun 95 p a4

[Article by NATION Columnist Yindi Loetcharoenchok: "Lip Service Alone to the Burmese Struggle Will Not Suffice"]

[FBIS Transcribed Text] It will be interesting to watch in coming weeks when U.S. President Bill Clinton will have to make a final official decision on the direction of the new U.S. policy towards Burma.

For the past two years endless debates and meetings among various inter- and intra-government agencies took place in an attempt to form an underlying unitary U.S. position towards the Southeast Asian nation, in which the U.S. has had little interest politically, economically and strategically.

The United States is torn between its own global moral responsibility of advocating human rights and democracy in Third World countries on one hand and the protection of American citizens from the alarming danger of soaring illicit drug use and narcotic-related violence at home on the other. The result of this fierce tug-of-war is indecisiveness.

The U.S. Department of State, the proponent of the former, has been calling for a cooling of relations, if not a tougher stance, against the military junta in Rangoon which has since 1988 defied successfully

domestic and international pressure to transfer power to a democratically elected government.

State Department officials have been assuring the Burmese opposition that the Clinton Administration would not sacrifice democracy and human rights as its prime objective in foreign policy and relations with Burma. However, Washington often defends U.S. investments in the country as that of the private sector which the government has no control over.

But the U.S. Drug Enforcement Administration (DEA), the government's crucial arm in combating narcotics at home and abroad, has become increasingly more restless and impatient with the disclosure that heroin production in Burma has hit new records. Also as a result of this, there has been a subsequent sharp increase of the drug being smuggled into the United States. High purity heroin is now cheaply available in the U.S..

It has strongly argued that unless Washington engages the ruling Burmese State Law and Order Restoration Council (SLORC) in regular dialogues and cooperation, and resumes its anti-narcotic aid to Burma which was stopped in September 1988 following the military's violent suppression of the pro-democracy movement, the U.S. "war on drugs" will not be successful.

DEA officers and some U.S. Congressmen have been calling for the reinstallation of a U.S. ambassador to Rangoon where he could resume full diplomatic responsibilities, including talks and cooperation with the SLORC in drug interdiction, suppression of trafficking and eradication and substitution of opium cultivation. They defended that the extension of cooperation in combating drugs and the exercise of the strong support for human rights can go together.

"I'm asking you to please extend the hand of cooperation and not use human rights as an excuse to severe relationships that could cause the stoppage of hundreds of tons (of heroin)," said Republican Congressman Charles Rangel during a hearing last week on Drugs in Asia at the Congress House Committee on International Relations and Subcommittee on Asia and the Pacific.

According to the State Department's annual International Narcotics Control Strategy Report released in March, Burma has, since 1989, become the world's largest producer of opium and heroin providing over 50 per cent of known global illicit output. Net opium production yielded an estimated 2,030 metric tons in 1994, down from 2,575 tons in 1993. The 21 per cent fall was due principally to poor weather. Burma is accountable for about 60 per cent of the heroin smuggled into the United States.

The drastic switch last July of many Western countries — Australia, Canada, and the European Union — from the policy of tough pressure and isolation to softer approach of engaging Burma in dialogues as a means to encourage political changes had caught the U.S. government completely off guard. The U.S. was left as the sole country that still adhered to the hard stance against the SLORC.

To cope with the dilemma, Washington has devised a new approach called a "two-track policy" which was first introduced in November after the visit to Burma by senior US official, Thomas Hubbard who is assistant secretary of state for Asia and the Pacific. Hubbard and his high-level team were the first members of a senior U.S. delegation that visited Burma in more than five years.

The U.S. would improve its relations with Burma if there was a significant positive development in democracy and human rights, coupled with efforts to curb the production of narcotics. On the contrary if no progress is made in these areas, Washington's ties with Rangoon would be downscaled, and this message has been made very clear to the SLORC.

Dr Lee Brown, Clinton's chief drug adviser and policy maker, told the same hearing on Drugs in Asia on June 21 that his Office of National Drug Control Policy has already completed and submitted to the U.S. president a new global heroin strategy, in which he suggested and recommended a range of comprehensive approaches in attacking the narcotic menace.

According to Brown, the international strategy has four major goals. First, expanding and intensifying contact with foreign leaders to mobilize greater international cooperation against the threat of heroin. Second, dismantling the illicit heroin trafficking organizations by prosecuting their leaders and seizing profits and assets. Third, by treating heroin trafficking as a serious national security threat. Fourth, reducing the supply of heroin entering the United States.

As for Burma, he recommends the "continuing at an appropriate level a general dialogue with the appropriate Burmese authorities regarding counternarcotics."

The strategy calls "for an exchange of information, again with the appropriate Burmese officials, to support unilateral narcotic operations and provide for some in-country counternarcotics training to specialize units on a case-by-case basis and subject to the same U.S. standards and safeguards that we use in other countries, and continue to support the United Nations drug control program, narcotic efforts, in Burma."

Many policy analysts see Brown's position as a greenlight towards an increase in U.S. anti-narcotic contacts and cooperation with the SLORC. But Brown did not make clear whether the suggested dialogue meant the restoration of full diplomatic relations by reassigning a new U.S. ambassador to the country, and whether the U.S. will resume its anti-drug assistance to Burma, which, after the cutoff, has been channeled and redirected to crop substitution activities under the UN Drug Control Program and UN Development Program.

Surprisingly, Brown, a former law enforcement officer in New York, is perhaps the first senior official ever to boldly suggest that the best way to serve both the U.S. people who are suffering under the drug trade and the Burmese people who are suffering under the repressive regime is to "side with the democratic resistance in any way we can to overthrow the dictatorship and see that Aung San Suu Kyi, who was honestly elected, is able to become the leader of this country."

With some congressmen and senators trying to introduce a comprehensive U.S. economic sanction on Burma as an effective tool to break the political deadlock in Burma, others argue that an increase in diplomatic relations and direct contact and cooperation would help bring about political reform and respect for human rights.

President Clinton, as well as other world leaders, cannot afford to delay having a definite policy towards Burma. This coming July 11 is officially the six-year deadline for popular opposition leader Aung San Suu Kyi's unlawful house arrest. The SLORC has no more legal mechanism to continue her detention unless it, as done in the past, devises a new law to serve its purpose.

Also later next month, ASEAN is scheduled to hold its annual ministerial meeting in Brunei followed by sessions with the regional grouping's seven dialogue partners from the developed economies, including the U.S.. The SLORC will again be invited as guest of the host country thus calling the bluff once again of the West which has urged the exclusion of the SLORC representation at the forum.

Though the United States has rekindled the Burmese aspiration for democracy and human rights, Washington's lame threats to the SLORC has only embarrassed the free world. Mere lip-service to the Burmese struggle is not enough. Words have to be met with actions.

Council Rejects Cigarette Draft Regulation

BK2906054495 Bangkok THE NATION in English 29 Jun 95 pp A1, A3

[FBIS Transcribed Text] A Juridical Council Standing Committee has rejected the Public Health Ministry's draft regulation on the disclosure of the ingredients in cigarettes, sources from foreign cigarette companies and the Thailand Tobacco Monopoly said yesterday.

A Public Health Ministry source said the Juridical Council committee on June 22 found the draft inconsistent with the Tobacco Products Control Act of 1992.

The committee reportedly offered to help ministry officials draft a more appropriate set of regulations.

"The Juridical Council has worked hard to complete the wording of the regulation. The work might be finished within days and regulation could be enforced by the end of this government's term," said Seri Phansuwan, managing director of the state-owned Thailand Tobacco Monopoly.

He admitted that some foreign cigarette importers might have to cease trading if the ministerial regulation was enforced as they might not be able to abide by it.

The Juridical's rejection means the regulations will have to be drafted again, submitted to the Cabinet for approval and reviewed a second time by the council. A first draft was originally acknowledged by the Cabinet on May 16 after nearly three years of drafting by the Public Health Ministry.

This is the second time in less than a month that the Juridical Council has rejected regulations drafted by the ministry. Foreign pharmaceutical manufacturers were the target of the first rejection.

The ministry argued that revealing the contents would help the authorities determine if foreign cigarettes contained poisonous substances.

Foreign cigarette manufacturers and the embassies of Japan, United Kingdom and the United States submitted formal protests to the Ministries of Public Health, Commerce and Foreign Affairs, claiming the draft regulations pertaining to Section 11 of the Tobacco Products Control Act was unworkable and violated Thailand's obligations to the international intellectual property rights treaty.

Seri denied that the regulations were impractical and run counter to the intellectual property law. "It is fair. The ministry aims to protect public health. The public also wants to know what a cigarette contains."

He added that the intellectual property law had not been violated since the importers have only to disclose the

ingredients and not their quantities. "The ministry only wants to know what they contain, not the formula."

International cigarette manufacturers claimed that they had no objection to disclosure of the ingredients, as long as it was done in a manner which protected their brand formulas.

Public Health officials responsible for drafting the regulations have refused to meet with cigarette importers. The refusal prompted complaints by the three embassies and the importers, who believe the refusal contravenes one of Prime Minister Chuan's major policies — clarity in government.

Two Bodies, 10 Vietnamese Sailors Returned Home

BK2806161095 Bangkok Radio Thailand Network in Thai 0530 GMT 28 Jun 95

[FBIS Translated Text] At about 0830 this morning at the boat landing of the Songkhla Naval Station in Songkhla Province, Rear Admiral Yongyut Osathanon, deputy commander of the 2d Naval Fleet of the Naval Operations Division, presided over a handing-over ceremony. Handed over were nine Vietnamese crew members, two dead bodies of Vietnamese officials, and one injured official of a sunken Vietnamese fishing trawler. The Vietnamese and Vietnamese bodies were released to representatives of Vietnamese embassy in Thailand. All of the Vietnamese crew members, officials, and dead bodies were to be sent to their homeland.

This follows the event when the 2d Naval Fleet provided assistance to crew members of the Vietnamese fishing trawler, KG- 8680 TS, that had an accident and sank in the Gulf of Thailand on 16 May 1995. The Thai and Vietnamese Governments coordinated with each other and agreed that all the ill-fated Vietnamese would be returned to Vietnam by a fishing trawler, Lapbunsit, of the Pacific Continental Company Limited. All of them will be presented to Vietnamese authorities at Con Tien Island.

Phanat Nikhom Refugee Camp Officially Closed

BK2906055695 Bangkok BANGKOK POST in English 29 Jun 95 p 8

[FBIS Transcribed Text] The gateway of Indochinese refugee resettlement and repatriation, Camp Phanat Nikhom in Chon Buri Province was officially closed yesterday, the United Nations High Commissioner for Refugees said.

UNHCR information officer Kritsadaphon Singhaseni said of the total 654 refugees, 63 were sent to a third country — mostly to the United States, Canada and Sweden.

There are still 591 Indochinese refugees remaining in the camp — of which 250 have already been accepted for resettlement in a third country, another 250 are under the consideration process, while the rest are voluntary applicants for repatriation to their country of origin.

Under the Comprehensive Plan of Action adopted by the 1989 Geneva Conference on Indochinese refugees, all refugees should be repatriated by the end of this year.

"It remains to be seen whether or not those waiting for consideration will be accepted by a third country," said Kritsadaphon when asked what will happen to the refugees left in the camp.

Twenty Laotian and five Cambodian refugees are scheduled to voluntarily return home on July 7, she said.

Opened in July 1980, Phanat Nikhom first served as one of the holding centres for Cambodian refugees in Thailand. Other centres included Sakaeo 1 and 2, Kamphut, Mairut, Kap Choeng, Khao I-Dang and Site 2.

Asian Infrastructure Needs Annual \$130 Billion

BK2806155995 Bangkok THE NATION in English 28 Jun 95 p B10

[Report by Nopphan Sabaichai of the THE NATION]

[FBIS Transcribed Text] The Asian region will need to raise U.S. \$130 billion capital each year from now to the year 2000 in order to fund U.S. \$1 trillion in infrastructure investments, said an executive director of Asian Development Bank [ADB].

Due the high growth of their economies and population, Asian countries have to speed up infrastructure investments, said Linda Tsao Yang, a U.S. Executive Director of the bank and one of the speakers at the International Conference on "Asian Capital Market: Innovations and New Products" yesterday.

The conference was organized by Center for Capital Market Studies, the Stock Exchange of Thailand, and the Asian Securities Industry Institute.

According to the bank's forecast, from now to the year 2000, the Asian region requires U.S. \$1 trillion to develop physical infrastructure. The breakdown comprises U.S. \$300 to U.S. \$350 billion each for energy and transport, U.S. \$150 billion in telecommunications, and another U.S. \$80 to 100 billion for water resources and sanitation.

To foster the availability of domestic savings as well as international capital, borrowing countries have to assure investors of their stable economic environment, which is a critical factor to attract long-term investors, Yang noted. "We have to assure investors that if there is a known legal and institutional framework, that it is effective and the enforcement is fair and transparent," he said.

The statement is in line with a recent U.S. proposal under the Asia Pacific Economic Cooperation agreement (APEC).

The bank is providing technical assistance on operational policies to help Vietnam develop its local money market, a capital market and a foreign exchange market. Besides giving the technical assistance to Vietnam, the bank is also negotiating with other Asian countries on the terms and conditions of financial sector reform program loans.

As a means to raise the enormous infrastructure fund, John Taylor, the bank's head of private sector department, said issuing bonds is another important source of funds.

During the last three years, several Thai companies have issued convertible bonds to mobilize long-term capital.

Last year was the first time that Malaysian companies raised more funds through bond issues than through equity financing.

To be independent of government budgets for funds, newly- privatized agencies may consider issuing revenue bonds, a kind of municipal bond, to meet massive infrastructure financing needs, Taylor said.

Revenue bonds, which are repaid out of revenue such as user fees and other charges from a special project, can be used to finance revenue-generating infrastructure projects such as toll roads, power generation facilities, waste water treatment facilities and airports.

To attract investors to revenue bonds, Taylor said that developing countries might provide tax exemption for the bonds, which is similar to the tax-free revenue bonds in the United States.

Army Denies Backing Chat Thai Party

BK2806152695 Bangkok THE NATION in English 28 Jun 95 p a3

[FBIS Transcribed Text] The Army denied press reports that it was backing Chat Thai Party leader Banhan Sinlapa-acha as the next prime minister, officers said yesterday.

Many newspapers, quoting Army deputy spokesman Somkhuan Saengphatharanet, yesterday reported that the Army supported Banhan, but Somkhuan yesterday said he had been misquoted.

At a news conference, Somkhuan said the reports had cause the public to be confused, claiming he had evidence to prove it.

Somkhuan condemned the Far Eastern Economic Review for reports commenting on the possibility of Chat Thai Party becoming the major party in the next government.

"The report affected our image because the Army does not interfere with politics. It does not matter who becomes the next prime minister, as long as he has the legitimacy to do so," he said.

Army spokesman Phalangkun Klahan reiterated the Army's neutral political stand, saying it would not support any particular politician, only good people.

He called on newspapers, particular Naeo Na, which published the false information, to correct their mistake or face legal action.

Army Commander Wimon Wongwanit yesterday appeared angry at the reports.

After a meeting with the Army's Broadcasting Board at Channel 5 television station, Gen [General] Wimon left in an obvious bad mood. He pushed his way through a throng of reporters telling them "there was no news".

Army Secretary Maj Gen [Major General] Phongthep Thetprathip said Wimon was upset over Naeo Na's headline which read "Army accepts Banhan as new prime minister".

U.S.-Led Group Agrees To Sell Gas to PTT

BK2806151495 Bangkok BANGKOK POST in English 28 Jun 95 p 15

[Report by Bunsong Kositchotthana of the BANGKOK POST]

[FBIS Transcribed Text] A concessionaire group led by Pogo Producing of the United States has struck an accord to sell natural gas to the Petroleum Authority of Thailand (PTT).

About 100 million cubic feet per day (MMcfd) of gas will be sold for up to 30 years from its Thantawan gas field in the Gulf of Thailand about 150 kilometers east of Surat Thani. Annual sales are expected to reach 1.85 billion baht.

The parties concerned confirmed the deal yesterday and are due to sign a memorandum of understanding tomorrow in Bangkok.

The agreement was struck just a few months after the Danish oil firm Maersk Oile Og Gas A/S transferred a 31.67 percent interest in Thantawan following a

dispute with three other partners on the company's rapid development plan.

Other partners in Thantawan — Thatpo (a local subsidiary of Pogo, Thai Ramo (another American oil firm) and Sophonphanit (owned by Thailand's Sophonphanit Family) — thought exploration and appraisal works so far were sufficient to bring the gas field into production.

But Maersk felt the consortium should not rush into commercializing the field too soon and insisted that further evaluation of the gas field was required.

Exact details of the deal have yet to be finalized in formal sale contracts.

But senior PTT officials said the base price of Thantawan gas as agreed with the concessionaire group was "quite low" and gas delivery could begin soon.

A Thaipo executive told Business Post that the Tantawan gas production could start before the end of next year, following completion of the offshore field which includes two platforms.

PTT officials said Thantawan gas would augment the authority's gas supply to the mega powerhouses planned by private investors under the Independent Power Producers Program and to industries.

Thantawan covers 274 square kilometers which form part of the 10,000-square-kilometer concession block B8/32.

But the deal does not affect the ownership structure of the four partners for the remaining area of B8/32. Maersk will continue to maintain its 31.67 percent share of the remaining area. Thaipo will operate the rig, where it plans extra drilling this year.

Thantawan gas will be transported ashore by a new feeder gas line which is planned to be built from the field and connected with the PTT's second Erawan field-Rayong-Bang Pakong trunk line now under construction.

Vietnam

Economic Ties to ASEAN Members Increasing

BK2806142595 Hanoi VNA in English 1223 GMT 27 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 27 — Economic and commercial relations between Vietnam and the ASEAN-member countries have been increasing sharply in recent years with the signing of a number of bilateral cooperation agreements. Two-way trade with these nations was valued at over USD [U.S. dollars] 2,440 million last year.

Among members of the Southeast Asian organization, Singapore is taking the lead in terms of both trade value and number of investment projects in Vietnam. Trade with Singapore last year accounted for more than USD 1,670 million out of the total USD 2,440 million for ASEAN countries. The two sides have so far signed cooperation agreements on navigation, air transport, commerce, tourism, investment encouragement and protection, and an agreement on the avoidance of double taxation. By June 16, Singapore had 102 investment projects (including six now-defunct) with a total capital of some USD 1,280 million.

The trade between Malaysia and Vietnam, which have signed cooperation agreements on aviation, navigation, investment encouragement and protection, commerce, science and technology, etc, is estimated at USD 260 million, compared with USD 0.4 million in 1986. Licences totalling more than USD 630 million were granted to 42 Malaysian projects (including four withdrawn).

The trade value between Vietnam and Indonesia increased to USD 250 million last year from USD 23.6 million in 1986. The two sides have signed agreements on economic, commercial, scientific and technical cooperation as well as aviation, navigation, forestry and investment encouragement and protection. Licences have been granted to 12 Indonesian projects worth USD 185.6 million.

The trade value between Thailand and Vietnam also rose to USD 220 million last year from USD 0.1 million in 1986. The two countries have signed cooperation agreements on commercial economic development, technology, air transport, tourism and investment encouragement and protection, and a double taxation agreement. The Thais are carrying out 65 investment projects (including 17 withdrawn) capitalized at about USD 305 million.

Brunei has also invested some USD 2.5 million in Vietnam.

Japanese Market Study Program Begins

BK2906011195 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 26 Jun 95

[FBIS Translated Text] The Japanese External Trade Organization, JETRO, has begun the AC [expansion unknown] program in Vietnam which will last from now until the end of 1995. The program is funded by the government to enhance economic cooperation and trade between Japan and Asian countries. It is being carried out for the first time in our country and consists of three main areas:

- Sending Japanese experts to help Vietnamese enterprises that operate in export-oriented industries;
- Providing opportunities for study and research on the Japanese market for Vietnamese experts and cadres;
- Assisting Vietnamese enterprises in studying new markets for export in the world market.

The two industries chosen for this year are textilegarment and agro-aquatic products. It is planned that, in October of this year, 10 Vietnamese experts will be invited to study the Japanese market.

Bilateral Relations With Canada Stepped Up

Relations With Canada Hailed

BK2906020095 Hanoi Voice of Vietnam in English 1000 GMT 27 Jun 95

[Station commentary]

[FBIS Transcribed Text] Cooperative relations between Vietnam and Canada over the last few years have rapidly developed in all fields. Miss Cristine Deloges, Canadian ambassador to Vietnam, affirmed that in a recent press conference in Hanoi in connection with the Canadian National Day, 1 July. Here is the review of development in the relations between the two countries:

Vietnam and Canada established their bilateral diplomatic relations in 1973. Since then, the two countries have exchanged many high rank delegations. Last year, 20,000 people, including 20 official delegations from both countries visited one another. Particularly, the visit to Vietnam of Canadian Prime Minister Jean Chretien and the visit to Canada by Vietnamese Prime Minister Phan Van Khai.

Bilateral friendship has developed with common goodwill through growing economic and trade relations. Canada is broadening its bilateral relations with Vietnam through strengthening of trade, investment, and development assistance to help Vietnam carry out its renovation process and integrate into the international community.

Private sectors of both countries now have a growing interest in developing the trade relations. Two-way trade turnover is still modest, but in 1994, it increased by 50 percent compared to that of 1993 and valued at 54 million Canadian dollar [C\$] or appropriately about \$14 million.

Vietnamese goods exported to Canada are valued at \$32 million, including textiles, maritime, fine arts, and handicraft articles.

The two countries considerably supplement each other. Canada, with its potentials, has met Vietnam's needs in

the fields of transport and communication, telecommunications, energy, and other prioritized fields.

Last year, Canada granted Vietnam C\$64 million or appropriately \$52 million to help the latter strengthening its capacity in planning and enlarging socioeconomic reform programs.

Canada now ranks 16th among foreign investors in Vietnam with an investment value at \$100 million. Canada is going to sign an MOU [memorandum of understanding] to provide Vietnam with \$6.4 million in information technology assistance and training.

Also this week, an agreement is expected to be signed which will allow the first commercial flight between Vietnamese and Canadian cities. Ambassador Cristine Deloges said the two countries expected to sign early next month a five-year agreement to assist Vietnam in upgrading its banking system and financial regulations. Currently, Vietnam and Canada are negotiating a trade agreement, a double taxation agreement, and a mutual legal assistant treaty.

Information Technology Aid Provided

BK2906022195 Hanoi Voice of Vietnam in English 1000 GMT 27 Jun 95

[FBIS Transcribed Text] Canada is scheduled to sign in Hanoi on Tuesday an MOU [memorandum of understanding] to provide Vietnam with 9.2 million Canadian dollar or \$6.4 million in information technology assistance and training. This was announced at the press conference held at the Canadian Embassy in Hanoi on Monday in connection with the upcoming Canadian National Day, 1 July.

Also this week, another agreement is expected to be signed which will allow the first commercial flight between Vietnamese and Canadian cities. Ambassador Cristine Deloges said: Two countries expected to sign in early next month a five-year agreement with \$5.6 million to assist Vietnam in upgrading its banking system and financial regulations.

Party Delegation Visits Cambodia

Representatives Hold Talks

BK2906021395 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 26 Jun 95

[FBIS Translated Text] At the invitation of the two ruling parties of Cambodia — the Cambodian People's Party, CPP, and the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia, FUNCINPEC — a delegation from the Communist Party of Vietnam led by Comrade Do Van Tai, deputy

director of CPV Central Committee's External Relations Department, paid an official visit to Cambodia from 20-26 June.

On 21 June the delegation held talks with CPP representatives led by Excellency Nguon Nhel, member of CPP Central Committee. On 22 June, the delegation held talks with the representatives of FUNCINPEC led by Excellency Samdek Kromkhun Norodom Sivirut, its secretary general. The two sides informed each other of the situations in their respective parties and countries, exchanged views on common issues, and discussed measures to strengthen ties. All the meetings took place in an atmosphere of friendship and mutual understanding.

Visit Ends

BK2906032995 Hanoi Voice of Vietnam in English 1000 GMT 27 Jun 95

[FBIS Transcribed Text] The delegation of the Communist Party of Vietnam led by Mr. Do Van Tai, deputy head of the External Relations Commission of the party Central Committee ended its week-long visit to Cambodia Monday.

The leaders of the Cambodian People's Party and FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party welcomed and highly valued the significance of the Vietnamese party delegation's visit which they said would open a new and official relationship between FUNCINPEC and CPV and also to continue consolidating the traditional friendship between CPP [Cambodian People's Party] and CPV. They also affirmed that they would push up the relations between the Cambodian parties and the Vietnamese party in particular, and between the two countries in general.

CPV Sends Greetings to Cambodian Party

BK2906015395 Hanoi VNA in English 0700 GMT 28 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 28 — The Communist Party and people of Vietnam will do all they can to consolidate and strengthen the traditional solidarity and friendship between the two parties and peoples of Vietnam and Cambodia, according to a message of greetings from the Central Committee of the Communist Party of Vietnam (CPV) to the Cambodian People's Party [CPP], on the occasion of the 44th anniversary of the founding of the CPP.

The CPV Central Committee also expressed its belief that the CPP, together with other political parties and the people of Cambodia, will build Cambodia into a peaceful, independent, unified, neutral and non-aligned country that has friendly ties with all countries and makes a contribution to peace, stability, cooperation and development in the region and the world.

National Assembly Delegation Visits Poland

BK2906013695 Hanoi VNA in English 0638 GMT 28 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 27 — A delegation of the National Assembly let by its Vice Chairman Dang Quang Thuy paid a working visit to Poland from June 19-26. While there, the Vietnamese delegation met with Polish Speaker Mr. Jozel Zych, Polish Prime Minister Mr. Jozef Oleksy and many other senior officials of the Polish parliament and government. During the meetings, the two sides affirmed that the two countries are capable to strongly develop their cooperation in economy, trade, culture, science and technology. They also exchanged views on a number of international and regional issues. The host reaffirmed that the Polish Government and people attach great importance to the strengthening of the traditional friendship and cooperation between the two peoples. The Vietnamese delegation made a tour of socio-economic establishments in Warsaw and Krakow and met with Vietnamese working officials in Poland as well as representatives of Vietnamese residents there.

French Envoy Arrives; To Promote Ties

BK2906053995 Hanoi Voice of Vietnam in English 1000 GMT 28 Jun 95

[FBIS Transcribed Text] French Secretary of State for Foreign Affairs and Special Envoy of French President Margie Sudre arrived in Hanoi on Wednesday for the four-day official visit to Vietnam. Madame Margie Sudre will have a talks with Deputy Foreign Minister Tran Quang Co and meet with Vice President Nguyen Thi Binh, Deputy Prime Minister Nguyen Khanh, and Foreign Minister Nguyen Manh Cam to promote traditional cooperative relations between the two countries and discuss issues relating to the Francophone community.

German Officials Pledge To Aid Development

BK2906022395 Hanoi Voice of Vietnam in English 1000 GMT 27 Jun 95

[FBIS Transcribed Text] Germany is committed to increasing its support for development work in Vietnam. German officials were speaking at the meeting of the German National Development Organization, DED [expansion unknown], presented in Hanoi Monday. The gathering marked the first ever annual meeting in Vietnam of the Vietnamese branch of DED. At the meeting, Mr. Kraemer, German ambassador, reasserted Germany's commitment to the development of Vietnam to assist (?government-funded organizations as) DED.

Indian Military Delegation Visits

BK2906013495 Hanoi VNA in English 0635 GMT 28 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 27 — A delegation of the Indian Military Institute led by its Deputy Director Major General N.L. Gupta, visited Vietnam from June 19-23 as guest of the Ministry of Defence. While here, the delegation exchanged

experience with the host military institute, called at the Military Museum and the command of the Seventh Military Region and a number of military and economic interests. It was also received by Deputy Foreign Minister Le Mai and Lt. General Nguyen The Bon, deputy chief of the General Staff of the Vietnam People's Army.

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